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THESIS

A PRACTICAL HEADQUARTERS BUDGET EXERCISE
FOR FINANCIAL MANAGEMENT STUDENTS AT
THE NAVAL POSTGRADUATE SCHOOL

by

Ann J. Eidson

December 1984

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A Practical Headquarters Budget Exercise
For Financial Management Students At
The Naval Postgraduate School

by

Ann J. Eidson
Lieutenant, United States Navy
B.S., Illinois State University, 1974

Submitted in partial fulfillment of the
requirements for the degree of

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ABSTRACT

This thesis develops a practical headquarters level budget exercise designed for students of financial management at the Naval Postgraduate School. The exercise is centered at the Navy Comptroller's (NAVCOMPT) Office of Budgets and Reports (OBR or NCB). It is designed to familiarize the financial management student with the structure of the NAVCOMPT organization and the procedures followed in preparation of the annual Navy budget package for submission to the Secretary of Defense (SECDEF). This is accomplished through active participation in a gaming simulation. Student work involves familiarization with an organizational budget submission, preparation of paperwork for NAVCOMPT budget analyst hearings, and role-playing a formal NCB review. Results of an application of this exercise to a class of financial management students are included and future use of the exercise is discussed.

TABLE OF CONTENTS

I.	INTRODUCTION	7
II.	THE PLANNING, PROGRAMMING AND BUDGETING SYSTEM (PPBS)	9
	A. BUDGETING BEFORE 1961	9
	B. MAJOR PPBS DEVELOPMENT: 1961-1980	11
	C. PPBS IN THE 1980S	16
	1. Planning	16
	2. Programming	18
	3. Budgeting	18
III.	EXERCISE DEVELOPMENT	21
	A. RESEARCH	21
	1. "Prudent Stride" Exercise at NDU	21
	2. Project Management Game (PMG)	23
	3. Research of Gaming Techniques	24
	4. Data Gathering	27
	B. DEVELOPMENT	28
IV.	RESULTS OF A PRACTICAL APPLICATION	34
	A. METHOD OF APPLICATION	34
	B. STUDENT COMMENTS AND SUGGESTIONS	39
V.	CONCLUSION	44
	APPENDIX A: INSTRUCTOR'S GUIDE	47
	APPENDIX B: BUDGETING EXERCISE	75
	LIST OF REFERENCES	120
	INITIAL DISTRIBUTION LIST	122

LIST OF FIGURES

2.1	FYFS&FP Programs	12
2.2	Purposes of the PPBS	17
2.3	Issue Books	19
3.1	Some Related Simulation Techniques	24
3.2	3 Basic Simulation Game Components	26
3.3	Universal Requirements for an Effective Game	27
3.4	Exercise Objectives	29
4.1	Budget Exercise Schedule (NOV 85)	36
4.2	Grid Used to Assign Analyst's Questions	37
B.1	OP-09 Structure	79
B.2	NAVCOMPT Structure	80
B.3	Dual-Hatting OP-92 and NCB	81
B.4	NCB/OP-92 Office Structure	82
B.5	Yearly PPBS Schedule at NTTS	93
B.6	1984 Expense Operating Budget	95
B.7	Student Load and Staff Billet Table	97
B.8	Staff to Student Ratio	98

I. INTRODUCTION

The idea of developing a budgeting exercise for Naval Postgraduate School (NPS) financial management students originated in the OPNAV Fiscal Management Division (OP-92) of the Office of Navy Program Planning (OP-09). OP-92 is the NPS Financial Management curriculum sponsor. Captain W. W. Stanley, USN, Deputy Director, Investment and Development Division (OP-922), saw the need for financial management students at the NPS to develop a more thorough understanding of the PPBS budgeting phase while still in the academic environment. He felt it would be particularly advantageous for the students to have hands-on, practical experience in preparing and writing various paperwork requirements and actually role-playing parts of the justification stage of the budget sequence. In addition to developing budgeting techniques and skills, the exercise should acquaint the student with the financial management structure within which he or she would soon be working.

In late March 1984, Captain Stanley was personally interviewed regarding this suggested thesis topic. At this meeting the idea of developing an actual "game" emerged. Captain Stanley was aware of a two week Budgeting Simulation Exercise conducted at the National Defense University (NDU). This course is offered for senior military officers and centers around joint service Office of the Secretary of Defense (OSD) level PPBS. Because of this focus, the exercise was considered inappropriate for lower level financial management officers heading out to work within their own service. To fill a need for this sort of training for junior officers, development of an exercise at NPS for use in the Financial Management curriculum was suggested.

Appendices A and B of this thesis are the Instructor's Guide and student material for an exercise written to satisfy this need. The Instructor's Guide summarizes recommended student work and evaluation procedures. The Budget Exercise itself requires the student to use the background data provided to respond to the Navy Comptroller's (NAVCOMPT) requirements for justification of an activity's budget request. This work culminates in an actual presentation of a budget reclama at NAVCOMPT Budget Review "hearings".

The chapters in this thesis discuss the PPBS process as it has evolved over time into its current structure. Research and development of the budget exercise and accompanying Instructor's Guide is included. The results of an application of this exercise to eighty NPS students are analyzed. The concluding chapter addresses future use and development of the exercise in an effort to better prepare DOD's junior financial managers to handle the PPBS budgeting process.

II. THE PLANNING, PROGRAMMING AND BUDGETING SYSTEM (PPBS)

Within the Navy, the ultimate product of the Planning, Programming and Budgeting System (PPBS) is the budget package. This package consolidates the financial requirements which are necessary to carry out the Navy's assigned mission. The Navy Budget Manual [Ref. 1] defines a budget as a plan, expressed in financial terms, for accomplishing the organization's goals and objectives over a specified time period. As a statement of priorities, it provides a method for planning, decision making and management control. Developing a budget which fulfills each of these desired characteristics has been a continually evolving process.

As a service within the Department of Defense (DOD), the Navy follows the PPBS as its budgeting procedure. This system was adopted by Secretary of Defense (SECDEF) Robert McNamara in 1963. In this chapter, the system in existence before PPBS is discussed. The introduction and development of the PPBS from 1961 to the late 1970's is reviewed. The chapter concludes with a look at how the system currently operates within the DOD in the 1980s.

A. BUDGETING BEFORE 1961

The Department of Defense was founded in 1947 at the end of World War II. In the years that followed, the Department was allowed to operate in a fairly decentralized manner. Given an annual budget figure in the President's Budget, Office of the Secretary of Defense (OSD) officials subdivided the funds and distributed the resources to each of the four services. It was basically up to the individual

service to plan their strategies, develop programs to see those strategies through, and budget accordingly. The service secretary retained sole managerial authority over his branch. Puritano and Korb stated that this arrangement unfortunately led to either a tremendous amount of overlap between DOD programs or caused an occasional gap in defense posture. [Ref. 2] During this period, for example, the development of the intercontinental missile was at the forefront of defense strategy. While each service concentrated on developing their own technology in this area, critical capabilities such as airlift and sealift were virtually ignored.

Congress had little input as funding of individual line items of the defense budget. [Ref. 3] Their debates centered on the aggregate amount to be allocated to the DOD budget as a part of the President's budget package. Each President used a simple method to determine this amount. President Truman, for example, budgeted a fixed one-third share of the total federal budget. President Eisenhower, on the other hand, authorized a maximum of a ten percent share of the gross national product.

Korb presented several weaknesses in this early budgeting approach. [Ref. 4] In addition to encouraging duplication of programs, this decentralized process also led to a focus on year to year budgeting. There was little if any correlation between plans and budget decisions. The budget was only prepared for the following year. Approval was given by the service secretary with little computation of future costs or detailed analysis and comparison with rival programs. During this period a sense of independence and rivalry became deeply imbedded among the four defense components.

During the late 1950s, the Rand Corporation conducted a study of the DOD budgeting system. A key architect of this study was Charles J. Hitch. In 1960, Mr. Hitch wrote the now well known book "The Economics of Defense in the Nuclear Age". [Ref. 5] This work presented detailed thoughts on financial management within the DOD. When Robert McNamara became SECDEF in 1960, he wanted to take control of the entire DOD planning and budgeting process. In this effort, he recruited Mr. Hitch as DOD Comptroller in January of 1961. SECDEF McNamara agreed to try Mr. Hitch's suggestions for a revised financial management system.

B. MAJOR PPBS DEVELOPMENT: 1961-1980

One of McNamara's early goals was to bridge the gap between planning and budgeting. Although the Joint Chiefs of Staff (JCS) actively pursued planning as a primary responsibility, the services were basically free to interpret that planning as they wished and budget accordingly. In the first step towards changing this process, the three basic phases which remain the integral parts of PPBS were established. In the planning phase, a multiyear overview would be conducted to assess threats to, and the strategic position of, the United States. The responsibility for this phase remained with the JCS. Once strategic guidance was received from JCS, the services would develop multiyear programs to meet these threats and present them to the SECDEF. Note at this time, the strategy was not approved by SECDEF who in fact would make the decisions on the programs and budget. Program integration would take place at the SECDEF level. He would take responsibility for developing a well-rounded forward-looking defense posture. In the budgeting phase, services would budget for previously approved programs within the financial ceilings imposed on

them by SECDEF. However, the budget phase remained focused only on the upcoming year.

In order to facilitate multiyear planning and programming, a DOD financial data base was established. According to [Ref. 6], this data base was initially set up to cover a period of five years and was titled the "Five Year Force Structure and Financial Program (FYFS&FP)". The FYFS&FP system separated the DOD budget into ten program areas. These programs consisted of a combination of program elements (PE's) which were interrelated and achieved a specific objective. For example, the Trident submarine and it's accompanying weaponry, equipment and personnel could be a program element under strategic forces. The ten FYFS&FP programs are listed in Figure 2.1.

1. Strategic Forces
2. General Purpose
3. Intelligence and Communication
4. Airlift and Sealift
5. Guard and Reserve
6. Research and Development
7. Central Supply and Maintenance
8. Training, Medical and Other Personnel Support Activities
9. Administration and Associated Activities
10. Support of Other Nations

Figure 2.1 FYFS&FP Programs.

In an additional effort to improve long range decisions, SECDEF McNamara's new system introduced the idea of cost effectiveness studies. [Ref. 7] These studies were designed to provide a thorough basis of information with which comparisons of cost, reliability and effectiveness could then take place. This step would form a foundation for DOD programming in the years to come.

Other changes occurred during this period. SECDEF McNamara had not been satisfied with the quality of the JCS planning documents. Consequently, he established the Office of Systems Analysis (OSA) under his Comptroller and staffed it with civilian analysts. This office independently assessed service programs and budget requests for the SECDEF. Since McNamara considered JCS documents lacking in analytic perspective, the work of OSA became the basis for SECDEF guidance to the services and many of his related decisions. This action substantially weakened the JCS role in forming DOD strategy.

The budget guidance issued by SECDEF required the services to provide budget estimates for only the first year of the FYFS&FP. They were not given a specific ceiling and could budget their programs at whatever level they felt was necessary to operate. This led to aggregate DOD budget request figures far in excess of the Presidential allocation. By setting up the system in this manner, SECDEF McNamara was then able to cut within each service and mold the defense foundation as he desired.

The services soon realized that the PPBS would not quickly die off and leave them in peace. Responding to that realization, they began to hone their analytical skills and programming abilities. Programming and budgeting offices were expanded. This allowed them to defend program requests more thoroughly and effectively at the SECDEF review.

Finally realizing the need for JCS input to the Planning process, SECDEF McNamara again reorganized the process in late 1965. JCS was required to submit a Joint Strategic Objectives Plan (JSOP) in the early spring. OSA, now a new office under the Assistant Secretary of Defense for System Analysis (ASD,SA), used that input to develop the SECDEF's

Defense Guidance Memorandum (DGM). This guidance identified issues for major consideration as the services began early work on the programming and budgeting phases of the cycle. The services then became responsible for development and presentation of their programs to SECDEF. The Office of the ASD,SA was responsible for analyzing each service program request as it impacted on the goals of a well-integrated defense package.

In March of 1966, Mr. McNamara issued a memorandum which changed the name of the FYFS&FP to the Five Year Defense Plan (FYDP). [Ref. 8] The memo also set forth several changes in the FYDP structure. The main change allowed for early identification of major force related issues. Major issues were defined as those issues which would have a profound effect on the military services as a whole. Prospective issues were identified by each service early in the programming cycle and forwarded to SECDEF. He would decide on a "Major Issues" list to be distributed back to the services. Each service prepared detailed justifications for the programs and returned their proposals to OSD. Review of the programs in conjunction with the JSOP culminated in issuance of the draft Program Decision Memorandum (draft PDM). Allowing thirty days for review and discussion by the services, decisions were put forth in final PDM's in early October. An update of the FYDP data base was required upon receipt of this guidance.

In 1968, the system was changed to require submission of the JSOP by the end of March. This change allowed for preparation of the draft DG by May. Guidance for the budgeting process was, therefore, available on a much more timely basis for service activities to use in preparation of their budgets. The government's fiscal year ran from January through December at this point so budget preparation was usually started during the summer.

Melvin Laird was appointed as Secretary of Defense in January 1969. In February, he formed and called a meeting of the PPBS Improvement Committee. A "PPBS Improvement Working Group" subcommittee was established at that time. Mr. Laird stated that he "considered 1969 to be a year of transition". [Ref. 9] While the PPBS Improvement Working Group conducted their work, SECDEF Laird held meetings with the JCS and service secretaries. Key points of his meeting were turned over to the Working Group for development. All of these efforts culminated in acceptance of a nine-point program for change. This program called for earlier issuance of the JSOP and DG. It established the Program Objectives Memorandum (POM). This document was to be a consolidation of each service's individual program requests. Submission from the service secretary to the SECDEF was set to occur in late May. Resolution of major issues took place in August with the issue of the PDMS.

The system operated with few changes through the mid-1970's. Under the Carter administration in 1976, DOD was required to incorporate the Zero Based Budgeting (ZBB) concept. According to Leloup, ZBB involved several steps. [Ref. 10] First, DOD identified three "decision levels" where meaningful decisions were made. Second, programs were formulated at each level into "decision packages" which stated a given objective and the resources required to fulfill it. Third, ranking of the decision packages took place. Given a specific funding amount, resource managers would theoretically cut off all remaining programs after the money ran out. While reasonable in concept, ZBB added a tremendous paperwork burden on the federal government agencies. Due primarily to that reason, the idea was abandoned at the end of that administration.

In 1969, the Defense Resources Board (DRB) was established in response to a Rand Corporation study on defense resource management. [Ref. 11] This study called for high level participation and cooperation by the services in DOD PPBS process. The DRB consisted of the OSD Under Secretaries, Assistant Secretaries, and the Chairman of the JCS. As initially formed, the Board reviewed major issue submissions from the services and selected those worthy of SECDEF's personal consideration. The DRB itself resolved the remaining "lesser" issues. Under the Reagan administration, Secretary of Defense Casper Weinberger expanded membership to include each of the service secretaries as well.

C. PPBS IN THE 1980S

The PPBS continually operates on an eighteen month cycle. The length of the cycle dictates an overlap of the three different segments. At any given time, budgeting is taking place for a given year, programming for the subsequent year and planning is ongoing for up to ten years into the future. The purposes of PPBS, as described in the Navy's Programming Manual [Ref. 12], are shown in Figure 2.2.

1. Planning

Intelligence collection, threat appraisal and strategy development are each a vital consideration in the planning phase. Key documents include the Joint Long Range Strategic Appraisal (JLRSA) and the Joint Strategic Planning Document (JSPD). The JLRSA consolidated intelligence estimates, strategic forecasts and force structuring issues and implications. The JSPD presents JCS advice to the National Security Council (NSC) and the President regarding the military strategy and force structure required to meet the

Planning

1. Collect intelligence.
2. Appraise the threat.
3. Based on national policy, develop strategy to meet the threat.

Programming

4. Determine force levels to support the strategy.
5. Program weapons systems, manpower and support over a period of time to attain fiscally constrained force levels.

Budgeting

6. Budget annual allocations of funds to procure men and materials required to carry out programs.

Figure 2.2 Purposes of the PPBS.

security objectives of the United States. These documents along with additional supporting paperwork are prepared by the JCS and collectively comprise the Joint Strategic Planning System (JSPS). SECDEF issuance of the Defense Guidance (DG) terminates the Planning Phase. The DG summarizes defense policy, strategy, force planning, resource planning and fiscal guidance.

Within the Navy, the Chief of Naval Operations (CNO) prepares several memoranda which set forth the Defense Guidance as it applies to his service. The CNO Policy and Planning Guidance (CPPG) amplifies SECDEF's general guidance, goals and priorities. The CNO Program Analysis Memorandum (CPAM) analyzes the CPPG and recommends alternative actions for program offices to consider.

2. Programming

The programming phase takes about ten months and begins each August. Within the guidance constraints of the DG, each service translates force requirements into what they consider to be achievable program packages. They start with the last four years of the previous year's program and consider changes in view of the current world situation. The full five year package, called the Program Objectives Memorandum (POM), is then submitted to the service secretary for approval and forwarding to SECDEF. Once approved by their secretary, each service submits updates to the FYDP to reflect those changes. The FYDP has been expanded to cover up to a ten year period including the prior year (PY), current year (CY), budget year (BY), and BY+1 through 4 (BY+1 through 7 for forces). Within the Navy, the Program Information Center (DONPIC) completes this function.

The JCS reviews the POM submissions and prepare the Joint Program Assessment Memorandum (JPAM) for SECDEF. The JPAM provides an analysis of each service's force and resource recommendations and risk assessments. In light of the JPAM, the DRB reviews the POM inputs and selects the major issues meriting SECDEF consideration. Issues are prepared which state relevant facts as they are known. These issues are then placed in "Issue Books". The subject titles of these books are shown in Figure 2.3. These books are available for review and comment by the services prior to SECDEF's consideration. SECDEF issuance of the PDMs concludes the programming phase.

3. Budgeting

There are three stages within the budgeting phase: formulation, justification, and execution. The budgeting phase begins as early as January each year as field

1. Policy and Risk Assessment
2. Nuclear Forces
3. Conventional Forces
4. Modernization and Investment
5. Readiness and Other Logistics
6. Manpower
7. Intelligence
8. Management Initiatives

Figure 2.3 Issue Books.

activity's within each service begin to collect requirements from their various departments. Once the inputs have been received, the activity's budget office or Comptroller assembles the input into required format for submission to higher authority.

The justification stage involves a review of field activity inputs to check compliance with fiscal ceilings, inflation indices and any other pertinent guidelines. Additionally, programs are thoroughly analyzed to ensure adequate justification is available and verifiable for each service need. Finally, the service's budget, as a consolidated package, is submitted to SECDEF.

The DOD budget package becomes a part of the President's Budget which is sent to Congress by January 15 each year. Once the authorization and appropriations acts are passed, the execution stage begins. Budget funds are apportioned quarterly by OMB to OSD. In turn, each service receives their appropriate allocation and the subdivision of funds continues down to the field activity. Funds are then obligated and expended according to budget plan.

During the latter stages of the execution phase, the SECDEF conducts a Performance Review of programs of selected

high priority and top level policy interest. [Ref. 13]
These are recurring reviews during which program milestones,
progress and problems are discussed.

This chapter has provided an overview of the development
of PPBS within DOD. With this background, preparation of an
exercise which would familiarize students with the Navy's
budgeting phase began. Chapter III is a summary of those
steps.

III. EXERCISE DEVELOPMENT

In this chapter, the steps taken to prepare the Budget Exercise are discussed. The research which took place during a five month preparatory period is reviewed and the development of the exercise is discussed with an emphasis on decisions regarding it's structure and content.

A. RESEARCH

Captain W. W. Stanley, USN, Deputy Director, Investment and Development Division (OP-922) of the Navy Office of Program Planning (OP-92), had the initial idea for this exercise. He suggested examining the National Defense University's (NDU) two-week budget exercise for senior officers. [Ref. 14] An additional gaming exercise, used in the Acquisition and Contract Management curriculum at the Naval Postgraduate School (NPS), was also reviewed and is summarized below.

Data gathering at the Naval Postgraduate School (NPS), Field Support Activity (FSA) and NAVCOMPT is discussed. Gaming techniques were also researched and are reviewed in the final part of this section.

1. "Prudent Stride" Exercise at NDU

On 25 July 1984, Colonel F. J. Dellerman, USAF, was interviewed at the National Defense University in Washington, D. C. [Ref. 15] Mr. Dick Wright, an assistant, also participated in this interview. These men coordinate "Prudent Stride - 84 (Strategy and Resources Exercise)" at the Industrial College of the Armed Forces and the National War College. "Prudent Stride" is a two week joint services

exercise divided into three blocks. Senior officers work through the exercise in groups of fifteen to twenty.

In the first block (2 days), the students build a military strategy which they feel will achieve a set of given national objectives. In addition, they plan out the forces which would be required to meet that strategy. Throughout this block, students manipulate data in a computerized database (called FORCOST) which is structured similar to the Five Year Defense Plan (FYDP). A global military strategy briefing and FORCOST printouts of the associated "Planning Force" are required and evaluated. Throughout this exercise, briefings are presented to another group of participating students with faculty advisors of both groups present.

Block II (2 1/2 days) requires the students fashion a fiscally constrained DOD FYDP. In doing this, they consider competing needs of the services (e.g. modernization, war reserves and so forth), alternatives and the associated risks involved with each decision. In essence, they are developing a joint DOD program of defense requirements. Each student group develops a new FORCOST printout of their now fiscally constrained forces. A briefing is conducted to explain the tradeoffs they have made between the planning and programming phases.

In Block III (3 days), simulation of an international crisis occurs. Students must consider the mobilization, deployment and employment of United States forces. The political aspects of this scenario are considered as well as actual warfighting capabilities. Written and oral presentation of group decisions are required.

Throughout this exercise, faculty advisors guide the activities at the beginning of each block. Once the

exercise has begun, they observe, providing advice only when asked. Mechanics of the work involved is actually downplayed, with analysis of important issues and decisions deemed paramount.

2. Project Management Game (PMG)

PMG deals with acquisition of defense weapons systems. It is a computerized simulation-type exercise involving a sequence of six decision points student groups must work through. The groups act as members of a project manager's staff involved in development and procurement of a replacement missile system. This exercise and the database which accompanys it is coordinated by the ICAF Department of simulations and Computer Support (SIMCOM). Melvin B. Kline, an Administrative Science professor at NPS, incorporated the original version of the PMG into a four week laboratory exercise retitled Defense Management Simulation (DMS) for students enrolled in "Project Management" (AS 3501) at that School. [Ref. 16].

Students in this exercise are divided into independent groups of four or five. The faculty monitor assumes three roles at various times: higher authority in OSD, contractors with whom the group is negotiating and as the advisor for the game. A variety of computer printouts and a decision sheet are required at the end of each decision period for evaluation purposes. Additionally, students participate in a Defense System Acquisition Review Council (DSARC) hearing to present their selected program for approval. NPS faculty members usually participate as DSARC members during these hearings.

During the four week game, students are carrying a regular class load at the School. They are graded according to the quality of their output and participation. The vast

majority of group work is accomplished independently according to written guidelines and procedures handed out at occasional classroom meetings.

3. Research of Gaming Techniques

There are several different forms of simulations used in learning environments. McKenney [Ref. 17] discussed six types which increase from nearness to "reality" to

1. Case Study: observations on the real world.
2. In-Basket: non-interacting, one to one representations.
3. Incident Process: interacting one to one representations.
4. Role-playing: informally structured group portrayal.
5. Game Simulation: structured group representation.
6. Computer Simulation: all data and decisions embedded in a mathematical representation.

Figure 3.1 Some Related Simulation Techniques.

"abstraction" as shown in Figure 3.1. A case study involves a detailed description of a certain situation which requires analysis and discussion. The in-basket approach places an individual student in a given situation which requires specific actions to "solve" a set of problems. The incident approach uses an incomplete case study, forcing the student into a question/answer situation to complete the necessary information for analysis. Role-playing, on the other hand, requires spontaneous mock performances to create realistic, life-like situations. This technique is primarily used to gain empathy with the prescribed roles and human interplay

of the situation. Gaming simulation provides the student decision makers with a simulated environment within which they are confronted with a variety of circumstances requiring action. Finally, computer simulations replicate the variables of the gaming situation on high speed computing equipment. This form of simulation is especially useful for handling largely quantifiable factors.

Due to its increasing popularity and possibilities for use in this thesis, gaming simulation was researched further. This method involves the use of students as "actors". They become a part of the game, take on roles as decision-makers and react to a given environment. According to Taylor [Ref. 18], "gaming-simulations are didactic instruments involving a concise and cumulative presentation of a situation which might be too dynamic, too disordered and too complex to be represented economically by other means". Gaming can be used as an educational tool which will serve to enforce prior learning and offer new insights in an economically sound manner. The time commitment of students and staff as well as the financial cost of the process is minimized.

Gaming can be traced as far back as 3000 B.C. An ancient predecessor of modern day war-gaming was the Chinese game "Wei-Hai" (meaning encirclement). The modern equivalent of this game is the Japanese version of "Go" which is popular in the United States. War gaming plays a vital role in the training of military personnel and units. In addition to games in the academic environment, operational unit exercises are frequently conducted throughout the world. In addition to military gaming, educational institutions such as the Harvard Business School actively use gaming-simulation in their curriculum. The American Management Association (AMA) initiated development and publicized the first business game in 1956.

McKenney [Ref. 19] defined the three basic components of a management simulation game as shown in Figure 3.2. The model is defined as the facsimile environment within which

1. An abstraction of an economic environment, or a MODEL.
2. A series of rules for manipulation of the model, or SIMULATION.
3. A set of rules which governs the activity of the participants in relation to the simulation, or a GAME.

Figure 3.2 3 Basic Simulation Game Components.

all student activity takes place. The basic design of the model is beyond the student's control. Simulation rules specify the freedom and limitations students have in manipulating that environment. Finally, the "game" is a set of rules which dictate student activity. These game rules include necessary information such as what assignments must be completed, when they are due, and in what format they are expected.

Many references are available which discuss criteria recommended for consideration in development of an effective gaming instrument. Greenwald, for instance, [Ref. 20] presented a set of eight "universal" requirements for any gaming situation. These criteria are shown in Figure 3.3. The eight components became the foundation for the development of the budget exercise. They are discussed in greater detail in the development section of this chapter.

Having established the basic components of a "good" exercise, data gathering and observation for development of

1. The prime purpose of gaming-simulation techniques is to provide an environment for self-instruction.
2. Gaming techniques should be particularly valuable for conveying concepts of elaborate systems.
3. Emphasis must be placed on enhancing learning which is general and structural.
4. The techniques must be integrated with conventional teaching experiences.
5. The game should force explicit player behavior patterns.
6. The game must enable specific skill development.
7. Effective gaming requires a vehicle of sufficient realism.
8. Gaming requires a convenient, flexible mechanical vehicle.

Figure 3.3 Universal Requirements for an Effective Game.

the exercise text followed. After a brief summary of those efforts, the general steps taken to build the exercise are discussed.

4. Data Gathering

There were two major parts to gathering the necessary background data for this budget game. The first involved developing an understanding of the budgeting cycle as it operates within the Navy. Several trips to Washington, D. C. were made to gain an understanding of the NAVCOMPT structure and procedures. In August 1984, the NAVCOMPT budget reviews for the fiscal year 1986 budget were held at the Pentagon. The Investment and Development Division Director's (NCB-2) hearings were observed as well as those held by RADM D. L. Cooper, USN, Director of the NAVCOMPT Office of Budget and Reports (NCB).

Based on these visits, charts of the NAVCOMPT organizational structure were developed, and the budgeting process timeline was simplified for inclusion in this thesis exercise. Copies of NAVCOMPT notices, letters, reclamation and budget paperwork from previous years were collected. This information would eventually be used to make the thesis exercise as realistic as possible.

The second major phase of data gathering occurred at NPS Monterey. The Comptroller, Captain Glenn Gaddis, USN, and his assistant LCDR Jim Freeman, SC, USN, provided copies of the NPS FY86 budget package and many PPBS supporting documents. The School's Provost, David Schrady, provided a briefing book on the School which had been developed for use when the School's claimant, Field Support Activity (FSA), sent a representative to visit. A visit to FSA to discuss their role as a claimant in the PPBS budgeting process also occurred in August.

In a continuing attempt to make the exercise as "real world" as possible, data gathered at NPS would be used to create a fictitious, yet realistic, Navy installation with which all exercise participants would be familiar. Information regarding the activity's budgeting procedures and copies of relevant paperwork were collected for adaptation into the exercise scenario.

B. DEVELOPMENT

The first decision involved determination of the objectives for an NPS, student oriented budget exercise. The objectives shown in Figure 3.4 were ultimately included.

To achieve these objectives, several desired activities were defined. The student should be provided with written material describing PPBS and the Navy's financial management

1. Familiarize the student with the Navy's financial management organizational structure and procedures.
2. Provide the student with an idea of how PPBS operates within the Department of the Navy.
3. Familiarize the student with the Navy Budget Manual, Resource Management System (RMS) terminology, and selected budget forms - specifically the NAVCOMPT Form 2179 as well as reclama format requirements.

Figure 3.4 Exercise Objectives.

organization and procedures. To reinforce this experience, they should be required to simulate the budgeting process. The scenario within which they were to participate should be as realistic as possible in terms of deadlines, use of references and preparation of actual forms.

Since students at NPS come from a wide variety of backgrounds, an effort was made to focus on activities and learning techniques with which most of them had experience. In this regard, a case study was developed for use in a gaming situation. Case studies are familiar to all NPS Administrative Science students by their third quarter at the School. Additionally, this arrangement offers a certain amount of flexibility to the instructor, allowing areas to be developed or ignored as he or she wishes. A case study can simply be read and discussed or developed into the simulation depending on the instructor's desires and/or time constraints.

The basic format of the Budget Exercise was developed to follow the guidelines shown in Figure 3.2. A detailed scenario of the Naval Technical Training School (NTTS) as

the environment, or model, within which the students would be working was prepared. In the context of this background material, they would be required to use the model and simulate the Department of the Navy budgeting process. The overall schedule of daily activities, instructor's comments and written directives define the structure of the game.

Considering Greenwald's "Requirements for an Effective Game" as shown in Figure 3.3, the mechanics of the Budget Exercise were refined. The communications vehicle of the game would be the paperwork package initially given to each student at the beginning of the exercise, augmented by each additional handout. A great deal of flexibility was built in for the instructor in making various assignments and for the student in developing material in response to those assignments. Material was structured to provide as much information as possible to the student which would demonstrate the operational concepts he or she had previously studied or was receiving now as a part of the exercise.

According to his second observation, complex systems are particularly adaptable to gaming simulations. PPBS is just such an elaborate system, difficult to visualize on paper, making it a prime candidate for this training technique. In addition, Greenwald stipulates that emphasis must be placed on enhancing learning which is general and structural. The budgeting process within the Navy is indeed structural and procedural and, therefore, adapts well to the gaming environment.

This exercise was incorporated into the course syllabus for "Financial Management in the Armed Forces" (MN 4154) offered at the NPS during fall quarter 1984. Sessions dealing with PPBS, NAVCOMPT organizational structure, and

the Navy's Resource Management System (RMS) all serve to prepare the student for their participation. This satisfies the requirement that gaming be integrated with and supported by conventional teaching experiences. To reinforce this preparatory training and force explicit player behavior, active student involvement in decision-making, research, document preparation and presentation are required.

During the exercise, students are divided into groups of three to four. This ensures maximum participation and skill development. Since the purpose of this thesis was to develop a budget exercise for students at the NPS, the fleet activity described in student materials was carefully modeled towards NPS. An additional attempt to make the scenario as realistic as possible involved use of modified NAVCOMPT notices, letters and forms. The Navy Budget Manual was placed on reserve at the Library and used as an important reference.

The modeling of the fictitious Navy School after the NPS added a quality of realism to the exercise and offered students the ability to relate to situations discussed. Information regarding the School was readily accessible to the researcher. During the course of the Exercise, students would also have easy access to amplifying information for the case. NPS officials, namely the Provost and Comptroller, enthusiastically offered their support [Ref. 21 and 22].

Since most students leaving the financial management curriculum at NPS would eventually serve a tour of duty as Comptroller of a field activity or as a member of the NAVCOMPT staff, the game concentrates on PPBS budgeting activity between these units. Care was taken to avoid repetition in the type of assignments required. In the

first phase, students read background data on PPBS as it operates within the Navy. They also receive the scenario for the Naval Technical Training School (NTTS). The initial assignment involves extracting data from the case scenario and using it to answer a series of questions from a NAVCOMPT budget analyst on the NTTS budget material included in the scenario. The class instructor acts as the analyst and "marks" or cuts the budget based on the quality of the answers provided. In the second phase, each group uses the Navy Budget Manual to prepare a written reclama to those marks. One day later in the third phase, they defend their reclama in a mock hearing with the "NCB Director". The fourth phase requires the groups to reflect the results of the marks and hearings on actual budget forms, giving the students experience in working with the correct RMS coding structure.

Although the students meet as a class according to schedule, most work is accomplished independently. Class time with the instructor is used only to guide and give advice when requested. The game was set up to include daily activities and deadlines similar to those actually experienced by an activity during the budget justification phase. Acting as the NTTS Comptroller, the students are required to interact with a budget analyst at NAVCOMPT via a representative of their claimant activity.

Although numerous possibilities exist for adding data to the exercise, the scenario was intentionally kept brief until the structure of the game could be proven satisfactory. In keeping the data simple, the only section of the activity's budget included in the scenario was the NAVCOMPT Form 2179 and three Unfunded Requirements requests. Having heard lectures on RMS terminology, work with these forms would provide students an opportunity to apply this new information.

A major consideration was how to actually apply the exercise and evaluate its effectiveness as a learning tool. Reviewing the courses offered at the NPS, it appeared most viable to include it as a portion of "Financial Management in the Armed Forces" (MN 4154). Although this course is taken by financial management and non-financial management students alike, it was believed that the material covered in the first few weeks of the quarter would provide all students an adequate background for any subject that might be covered in the game. Student feedback would be available and recommendations for changes to the game could be considered in the body of this thesis.

The instructors for this course enthusiastically supported the idea. The exercise was incorporated into the class syllabus and was given to two classes of approximately forty students each in November, 1984. The manner in which the exercise was applied is summarized in Chapter IV and student feedback is also discussed.

IV. RESULTS OF A PRACTICAL APPLICATION

For six consecutive weekdays beginning on Wednesday, 14 November 1984, approximately eighty students in two classes of Financial Management in the Armed Forces (MN 4154) at NPS participated in the Budget Exercise. Of these eighty students, about fifteen were in the computer science curriculum with the remainder in financial management. Most of the eighty students were Navy or Marine Corps officers with about twenty from the Army, Air Force, or Coast Guard.

This chapter includes a discussion of each day's events and a summary of student comments and suggestions regarding the structure of the Exercise and its administration. Recommendations for future use of this simulation are discussed in the final chapter.

A. METHOD OF APPLICATION

Prior to the first class meeting, the two instructors met to discuss the sequence of events, grading policy, and to organize the required hand-outs. Since one instructor's office was in the same building as the scheduled classroom, it was decided that his office would be the central location for pick-up and turn-in of assignments. The student package was reduced so that two pages could be reproduced per page. A sign-up sheet for groups of four was prepared. The students would be required to assemble into groups and record their group membership at the first class meeting. In view of the large class sizes and subsequent large number of groups, the instructors decided to limit hearings (scheduled for the fifth day) to fifteen minutes per group. A sign-up sheet for these hearings was drafted and posted on

the instructor's door. The NAVCOMPT Notice 7120 providing the exercise schedule was completed, signed and reproduced to be handed out at the end of the first day of class. At this point, the instructors decided against handing out the suggested "Requirements" page which is enclosed in the Instructor's Guide as Attachment 5. It was felt that the instructions contained therein could more easily be communicated orally to the class thus avoiding overwhelming the students with additional paperwork.

Due to the length of the exercise, it was decided that student work should count for ten percent of the final course grade. Twenty-five points would be possible for each of the four phases, allowing the one hundred point class grading scale to be used in assigning an overall Exercise grade. Grading sheets as shown in Attachment 4 of Appendix A were used.

The schedule was arranged to span a weekend, include a Wednesday and Monday class period and terminate with final assignments due the morning before Thanksgiving. The schedule, as shown in Figure 4.1, was shortened one day to allow students to keep whatever Thanksgiving travel plans they might have arranged. With those preparations made, the Exercise was ready to begin.

During the first class meeting, the instructor began by reviewing the NAVCOMPT organizational structure and flow of budget material from an individual command to that level. Students were then given one hour (of the two hour class period) to read and review the material. Questions during the remainder of the period focused on the schedule of events and several typographical errors which were immediately obvious. Students also asked for guidance on the format required in answering the analysts questions in

Wednesday, 14 November (in class)

1. Students receive and read material.
2. Students divide into groups.
3. Students sign up for reclama hearings.
4. NAVCOMPT Notice 7120 handed out.
5. Question/answer period.

Thursday, 15 November (independent)

1. Analyst's questions available, 0800.

Friday, 16 November (independent)

1. Responses to questions due, 0800.
2. Analyst's marks available, 1500.

Monday, 19 November (independent)

1. Instructors available during classtime.
2. Written reklamas due, 1200.

Tuesday, 20 November (independent)

1. Hearings as scheduled.
2. Exercise critique sheets distributed.

Wednesday, 21 November (independent)

1. Updated NAVCOMPT Form 2179 due, 0800.
2. Exercise critique sheets due, 0800.

Figure 4.1 Budget Exercise Schedule (NOV 85).

the first assignment. They were instructed to prepare a typewritten response, organizing their thoughts in "bullet" fashion.

Six analyst's questions per group were assigned and made available on Thursday morning. One of the instructors used an IBM personal computer to create a grid which assigned these questions to the groups. Each group's assignment was printed out separately. This grid can be seen in Figure 4.2. This procedure provided a way to avoid assigning the exact same set of questions to all groups.

Quest #	Group #														
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1	x	x		x				x			x	x			
2	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
3			x			x				x				x	
4	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
5	x		x		x			x			x				
6		x		x		x			x				x		x
7			x		x		x			x			x	x	
8				x			x	x			x				x
9	x				x				x			x			x
10		x				x				x			x		
11			x				x		x		x			x	
12				x				x				x			x
13	x				x				x			x	x		
14		x				x	x			x				x	

Figure 4.2 Grid Used to Assign Analyst's Questions.

All responses were returned by 0820 on Friday. Only one copy of the answers was requested and only one was turned in per group. Since this copy had to be returned to the student with their evaluation sheet the next morning and since the instructors wished to retain a copy for the hearings, extra copies had to be made on short notice. The Instructor's Guide has been revised to require two copies be handed in at this phase. Each response was thorough and followed the given scenario. Both instructors worked for approximately four hours to grade the group responses and "mark" the group's budget. Marks were recorded on individual group copies of the NAVCOMPT letter shown in Attachment 3 of Appendix A. Due to the short turn around

time for this phase, the justification section for the marks was disregarded.

On Monday, all but one set of written reclamationas were in by 1200 as required. One group had difficulty finding their member with the paperwork and ended up drafting a new response during their afternoon free class time. The quality of the reclamationas was generally very high, with each group turning in properly formatted, imaginative responses.

The reclama hearings began at 0815 on Tuesday. Students had been encouraged to be creative in arguing for restoration of their marks. During the course of the day, an array of pictures, overhead transparencies, slides and charts were presented. Since it was uniform day at the School, the instructor's and students alike were in uniform. This added a special sense of realism to the hearings and is strongly recommended for future applications. The two instructors played the part of the NAVCOMPT staff during the hearings. Although this worked very well, it is suggested that other faculty members or perhaps NAVCOMPT representatives (familiar with the case material) participate in the future. Observers were permitted and in fact seemed to add a serious note to the hearings since students were not just facing faculty members with whom they were familiar. Using the conference room that day helped create a realistic atmosphere also. The room was unfamiliar to the students and was arranged with tables, not desks. Repeat use of a conference room is strongly recommended.

At the conclusion of the hearing, evaluation sheets for the written reclama and hearing presentation were given to the students. The group's were handed an exercise critique sheet for each member and reminded that those sheets and the updated NAVCOMPT Form 2179 were due at 0800, Wednesday.

Many of the updated forms were completed and returned right after the hearings. Students did not seem to view this portion of the assignment as difficult or time consuming. Retention of this phase is recommended, however, to balance the exercise in terms of difficulty of assignments and to offer just that small opportunity to work with the Form and the actual forms and the related RMS terminology.

By 1000, Wednesday, sixty-one critiques had been returned. An analysis of this student feedback is provided in the next section of this chapter.

B. STUDENT COMMENTS AND SUGGESTIONS

Student feedback on this Exercise was received via the Exercise Critique sheet included as Attachment 6 to Appendix A. Many student responses overlapped several questions. Each question will be considered, however, attempting to correlate pertinent responses as applicable.

Student responses to Question #1 indicated they were satisfied with the flow of the Exercise. A few comments here centered on difficulty in defining their role in each phase. Confusion seemed to exist regarding when and where assignments were due. The "Requirements" page of Appendix A (Attachment 5) was prepared to help prevent this confusion. It is recommended for use next time to determine if this situation can be prevented. Also, six students suggested running the exercise from Monday through Friday to avoid including a weekend. This area will be discussed further in the consideration of responses to question #5.

In response to question #2 regarding adequacy of material, many fine suggestions were received. Four students requested more specific instructions as to how inventive they could have been. The recommended response is

that they be as inventive as they wish, provided the information they generate is consistent with the given scenario. Several students felt the PPBS section duplicated prior class experiences and should be dropped. This is not feasible, however, considering the variety of backgrounds in the class. While these students may feel comfortable with the background information they possess, others may need a refresher or additional exposure in order to have an adequate background for their assignments. It was requested that the material, specifically the NAVCOMPT Form 2179, not be reduced. That point has been added to the Instructor's Guide. Noting the impracticality of providing a complete copy of the NPS budget package to each student, several participants suggested placing two copies of a prior year's package on reserve at the Library so students can see the "real thing". This suggestion is also included as a part of the instructor's preparatory steps.

The foremost suggestion with regard to material dealt with preparation of the reclamas. Nine students found the Budget Manual difficult to understand and five requested sample reclamas be provided. One officer described the Manual as "not user friendly"! Providing a reclama example, however, may encourage some groups to avoid using the Manual altogether. As an alternative, the Instructor's Guide includes a recommendation that the students be given certain information pertaining to the reclama on the first day of the exercise or at some point prior to that phase of the Exercise. This information would include using separate reclama sheets for each AG/SAG, ignoring the outyears requirement, and defining the meaning of the terms "appropriation", "budget activity" and "Mission/Item/AG/SAG/Element" on the forms.

Question #3 requested information on any discrepancies the students found. Three major problems were identified and have been corrected. These three areas are as follows:

1. On the FY85 NAVCOMPT Form 2179, several typographical errors were noted. These were corrected.
2. Several errors in tabulation were noted in Figure B.7, "Student Load and Staff Billet Table". These figures were recomputed and the appropriate changes made.
3. There was confusion in whether or not the Supply/Material figures referred to administrative supplies, Public Works supplies or both. For purposes of the exercise, the analyst's question referring to this area has been rephrased to read "administrative supplies/material".

The fourth question requested feedback on the availability of instructors and reference material. One student commented on the inability to ask reclama oriented questions since the written assignment had to be completed over a weekend period. Running the Exercise on a Monday through Friday schedule would alleviate this problem. Along the same line, two students suggested additional copies of the Budget Manual be made available in the Library. With only two copies on reserve, more of these comments had been expected. Based on this feedback, the Instructor's Guide was altered to recommend reserving one copy for every five groups.

By far the most strident comments zeroed in on one area and were provided in response to a request for suggestions for improvement. Twenty-two officers strongly requested early warning about the amount of time which would be required. Many objected to having weekend plans upturned at the last minute. Others wanted to see the schedule

stretched out to avoid "short fuse" assignments. A few noted that they had been under the impression that the exercise would be conducted in class with minimal outside work required. Attempts to avoid this issue in the future might include stretching the assignments out over four class periods or running the exercise in conjunction with the PPBS portion of the course. Other alternatives would include a Monday through Friday or a Friday through Friday schedule, requiring students to meet and work on assignments during scheduled class time throughout the timeframe.

An additional suggestion involved having a guest speaker from the base comptroller's office visit the class after the exercise, provide an activity level view of the process and take questions and answers. This idea is offered in the Instructor's Guide for future consideration.

One central idea emerged under question #6- which asked for any "other comments". Six students felt too much time had been required for the Exercise to count only as ten percent of their final grade. Four officers recommended increasing the percentage to twenty. Since this suggestion was pertinent only to this class at the NPS, the instructors were informed of the idea, but it was not included in the Instructor's Guide.

On the front page of the critique, the students were asked to respond to seven statements. Each statement was ranked on a scale from one to five. Regarding the amount of new information picked up during the Exercise, students leaned towards having "Learned a great deal" over "Learned little" with an average ranking of 3.5. When asked how relevant the exercise was to other class material, the average ranking was 4.14 in favor of "Highly relevant" as compared to "Irrelevant". Similarly, most students felt the

exercise would be relevant to their future jobs, ranking this category a 3.12. This ranking could have been pushed downward by the responses of a number of the non-financial management students. In written comments, several students pointed out their belief that because they were in computer science, they would seldom encounter a budgeting situation.

The quality of the Exercise material was rated at 3.56, leaning towards "Easy reading, understandable" over "Poorly written, hard to read". Several errors in the case material were pointed out in the short answer section of the critique. As discussed previously, these have been corrected.

The average number of outside hours spent preparing assignments was 8.6. This compares favorably to the NPS policy of requiring approximately two hours preparatory time for each hour of class. Therefore, the four hours of class time devoted to the Exercise would have normally required about eight hours of preparatory work also. Correspondingly, students responded with a 2.14 average when asked whether they spent much more time or much less in relation to regular class periods.

Finally, when asked whether or not they enjoyed the Exercise, students leaned towards "Enjoyed very much" with a 3.44 average over "Did not enjoy". In the short answer section of the critique, several students commented that they found the Exercise to be enjoyable as well as informative. Several of these positive comments are mentioned in the concluding portion of Chapter 5.

V. CONCLUSION

The critiques from the students that participated in the Budget Exercise in November 1984 indicate that the event was a worthwhile learning experience. Many comments were received which praise the exercise as a realistic and relevant assignment. Several negative appraisals of its usefulness were received from officers of the other services. Their concern was in carry over value to them since the exercise targeted the Navy process. Overall, however, comments were variations of "excellent learning experience". One student pushed the issue by stating "An excellent learning exercise in all respects. Probably the best and most relevant assignment of the quarter." Several others echoed the need for additional "real life" assignments as parts of their study at the NPS.

Future use of the exercise at the NPS as a part of the Financial Management in the Armed Forces (MN 4154) course is strongly recommended. Although the mix of the class usually includes a small number of officers from services other than the Navy, the material is sufficiently basic to the PPBS process to be of some relevance to all of them. Perhaps a future extension of the exercise could include an overview of how implementation of the PPBS differs between the services. Also, the schedule could be extended to avoid the time problem many students experienced. Student learning and enjoyment of their efforts would undoubtedly increase greatly. As one student summarized, "I begrudgingly must admit that I learned quite a bit from this exercise. However, the 'realism' injected by surprising us with this (the time requirement) did nothing to enhance the process".

A possible extension of this thesis would be to develop a Program Objectives Memorandum (POM) module. The purpose of this addition would be to demonstrate the connection between the programming and budgeting phases of the PPBS. A follow-on module could involve a short budget execution phase with the student, as comptroller of NTTS, receiving a quarterly allocation and distributing it between his or her departments.

With the suggested additions, the exercise could become lengthy and difficult to administer within the time constraints of an NPS course. Use within PPBS sections of short courses such as the Practical Comptrollership Course offered at the NPS might be possible. Regardless of additions that may be made, the exercise should remain as flexible as possible, allowing the instructor to shorten or lengthen, add or delete sections as desired.

There are several courses within DOD that attempt to increase service members' knowledge of the PPBS. For example, the Defense Systems Management College at Fort Belvoir, Virginia, offers a one week "Systems Acquisition Funds Management" course for military paygrade O-3 and civilian GS-11 and above. This course examines DOD PPBS, Congressional review and budget execution. The Acquisition Logistics Management Training Center, Naval Station, Anacostia, Maryland, offers "Navy Planning and Management Systems". This one week course for military O-4 and civilian GS-12 and above studies Navy organization, PPBS, and acquisition management. In addition, the Department of the Navy Program Information Center (DONPIC) offers a two and a half day overview of DOD PPBS, Navy POM process, budgeting, and acquisition management approximately ten times per year for all officers and civilian GS-9 and above "directly involved in the PPBS process" [Ref. 23].

Obviously, DOD places a great emphasis on improving the service member's PPBS knowledge and skills. Use of simulation games such as this budget exercise in training junior officers can only support this effort. As one student so aptly stated,

"Best part of the game was development of justifications. In the field, the people that write the justifications first are the departments. When the people who must provide the necessary information (us) know how to properly justify their needs, it makes a better budget for the whole command."

Hopefully, adding this training for junior officers at the NPS will benefit the entire Navy budget also.

APPENDIX A
INSTRUCTOR'S GUIDE

FORMAT

This exercise is designed to familiarize the student with the organization of the financial management structure within the Department of the Navy. The procedures followed by the NAVCOMPT Office of Budget and Reports (OBR or hereafter NCB) as they prepare the annual Navy budget for the Secretary of Defense (SECDEF) are discussed and then practiced in the exercise. The exercise requires the student follow an activity's budget as it proceeds step by step to the NAVCOMPT Budget Office Review.

Students begin the exercise with an examination of background data given to them on the first day. This data includes a brief summary of the Navy financial management organization and PPBS procedures. A fictitious Navy activity is described and a portion of the activity's current budget package is provided. Acting as Comptroller of this activity, students answer selected questions from a NAVCOMPT analyst concerning "their" budget submission. After considering those answers, the analyst (instructor) marks the budget. Using the Navy Budget Manual, the student responds with a reclama and then presents that reclama at a formal hearing with the NCB Director (instructor). In the last phase, the student revises the initially submitted NAVCOMPT FORM 2179 to reflect changes which occurred during the review process.

The remainder of this Instructor's Guide consists of:

- 1) A suggested timetable.

- 2) A detailed description of each day's events and paperwork.
- 3) A copy of students assignments which include the analyst's questions (Attachment 1), a NAVCOMPT Notice 7120 (Attachment 2) which describes the budget process schedule of events, and a NAVCOMPT letter to inform the students of budget marks (Attachment 3).
- 4) Suggested student evaluation sheets (Attachment 4).
- 5) An optional "Requirements" page for the students which can be used to describe the required assignments (Attachment 5).
- 6) An Exercise Critique sheet for feedback from the students (Attachment 6).

TIMETABLE

DAY #1

1. Issue folders to students containing:
 - a. general instructions as desired
 - b. background data paperwork
through
Procedures for Budget Review

DAY #2

1. Issue analysts questions - 0800 availability

DAY #3

1. Answers to analysts questions due - 0800

DAY #4

1. Issue marks - classtime
2. Reclama preparation - classtime

DAY #5

1. Reclamas due - 0800

DAY #6

1. NCB Reclama Hearings - according to schedule
2. Distribute exercise critique sheets - after hearing

DAY #7

1. 2179 due for the Commodore - classtime
2. Exercise critiques due - classtime

DETAILED DESCRIPTION OF EACH DAY'S EVENTS AND PAPERWORK

DAY #1.

At the first meeting of the class, student packets should be handed out. The package includes the PPBS Background, NTTS Background, and Requirements sheet.

The PPBS Background section reviews PPBS emphasizing the Navy's implementation of the system. A building block process takes the student through the Navy's financial management structure. The last section briefly presents the Marine Corps financial management organization. An "Acronym/Abbreviation" page provides a quick reference guide.

The "NTTS Background" section describes a fictitious Navy School in the Pacific Northwest. The School's mission, organization, budgeting procedures and history provide information and data to be reviewed and analyzed in the four subsequent "Requirement" assignments.

Recommended Procedure:

- a) Before class - Schedule a conference room for hearings on last day of exercise.
- b) Before class - Pool Navy Budget Manuals together - about 1 for every 5 groups.
- c) Before class - If possible, place a complete copy of an activity's (NPS) budget package from a prior year on reserve at the Library for student review.
- d) Before class - Consider arranging a visit by the base comptroller at completion of the Exercise to provide an activity perspective of the budgeting process.

- e) Before class - Hand out student folders for reading one class period before the first day of the Exercise.
- f) Give an overview of DON budgeting and identify the flow points that correspond with this Exercise.
- g) Have students arrange into groups of 3 to 4.
- h) Read through Orientation Section with them.
- i) Pass out a copy of the NAVCOMPTNOTE 7120 (Procedures for Budget Review) to each group.
- j) Read through Requirements Section - noting specifically those assignments due on or before the next class meeting.
- k) Identify the 5 grading criteria for each assignment: timely, organized/neat, clear/concise/understandable, factual (facts of the case augmented by imagination), persuasive.
- l) Review terms such as "appropriation", "budget activity" and "mission/item/AG/SAG/element" which will be used later in the reclama format.
- m) Tell them where the Budget Manuals are.
- n) Let your office location be known (for pick-up of assignments).
- o) Dismiss class.

DAY #2.

Students will be required to pick-up their "Analysts Questions" from 0800 on this morning.

Recommended Procedure.

- a) Assign at least 6 questions to each group.
- b) Place the group number at the top of their sheet.
- c) Leave the sheets outside your office door (0800 availability).

DAY #3.

Answers to the analysts questions are due at 0800 this morning. There may be some irritation about the short time given to prepare the responses. This can be countered with stating that the system actually operates in this manner. The turnaround is so short that questions and answers are telecopied back and forth. Numerous phone calls then take place as the claimant tries to make sure they understand the activity's input and can represent the activity properly.

Recommended Procedure:

- a) Provide "in box" for answers.
- b) Post a reminder that NAVCOMPT marks will be available at the next class meeting.
- c) Evaluate answers.
- d) Identify areas for budget marks and prepare 2 - 3 lines of "justification" for each.
- e) Mark at least three items to reclama. Marks should correspond to the quality of the group's answers to the analyst's questions.
- f) Prepare the Mark-up letter and have ready for the next class period.

DAY #4.

The entire class should meet as scheduled. A question period might be good to allow ideas to flow back and forth and clear up any confusion. Marks are then issued and the remainder of the class period provided for work on the reclamationas.

Recommended Procedure:

- a) Open the floor for questions/comments.
- b) Hand out marks.
- c) Remind class that reclamationas are due by 0800 the following morning. Hearings are scheduled for Day #6. All group members are expected to attend. Uniforms are suggested.
- d) Tell students to disregard the requirement for "outyear" tabulations on their reclamationas.
- e) Dismiss class to work on reclamationas.

DAY #5.

Reclamas are due by 0800 this morning. These papers should be then be evaluated. While going through the reclamas, notes should be made for reference the following day in hearings. Try to find facts they left out or any inconsistencies in their arguments.

Recommended Procedure:

- a) Evaluate the reclamas.
- b) Prepare notes for tomorrow's hearings.
- c) Double check availability of the conference room.
- d) Hearing notebooks should contain: original marks, reclamas, your notes.

DAY #6.

Hearing Day! The hearings can be made as formal as desired. Uniforms could be required to add a touch of realism. A senior officer could be brought in to act as NCB. The scene should be set, however, before students enter the room with someone other than "NCB" calling them in. After a brief introduction by either NCB or his assistant as to the purpose of the hearings, the group spokesperson has the floor to defend their reclama. These should be kept brief. NCB's decision should be swift and known to the group before they leave.

Recommended Procedure:

- a) Set up Conference Room. Group members sit along one side of the table. NCB, assistants, and observers along the other.
- b) Arrange group folders in chronological order and take to hearing room.
- c) Restore funds in direct proportion to the quality of the presentations. Remember to leave at least one partial mark for the next phase of the Exercise. Look for quantitative justification rather than a "but we really need it" argument.
- d) Give critique sheets to group members before they leave.
- e) Evaluate presentations immediately after the groups leave the room.

DAY #7.

This is the first regular day of class after the exercise. The critique sheets and updated 2179's should be handed in. Hold off on an open discussion of the exercise until the following session. This will allow time to review the critique and prepare overall grades for the exercise.

Recommended Procedure:

- a) Collect Critique Sheets.
- b) Collect 2179 updates.
- c) Schedule an exercise discussion for the beginning of the next class period.
- d) Continue with class.

Evaluation.

Four assignments are made during this exercise. The student prepares answers to analysts questions, a reclama to given marks, presents that reclama in a hearing, and finally reflects the hearing results on an updated DOD Form 2179. An evaluation sheet (see enclosure 4) should be prepared for the group at each of these steps. A possible 25 points can be earned for each assignment for a total possible 100 points for the exercise. Therefore, grades could be assigned according to an established 100 point scale or curved to the class as desired.

Student Assignments: Analyst's Questions

Provide breakout of student attendance FY1986-1988. Explain any increase. Give % breakout of anticipated USN/USMC student attendees.

Concerning CIVPERS increase. Provide justification. We have had a difficult time in this area lately. Strengthen please.

WATS service charge increases are receiving plenty of notice from above. Justify providing this 10K expense. What would impact be if cut.

279K for subscriptions?! What subscriptions...for whom?

2 items need serious justification. Why a bus stop near main gate - who would use - what have they been using - any secondary purpose of this thing? Justify this 30K.

Why the rise in administrative supplies and materials? Where is workload increase coming from?

In furnishings area...how many study carrels exist in library? When were the chairs last replaced? Who uses Library? How excessive is the wear on present seating? Be specific.

Justify 50K for auditorium curtains. Who uses the auditorium and for what purpose?

200K in unfunded student travel. For what purpose? What is the trend?

Why expand the parking capacity of lot "V" at this time? What is the impact of delaying or cancelling this project? Seems like a good area to save \$.

50K seems too high to paint a building and repair a fire escape. Why is this a special request this year instead of funding out of normal MRP funds? Justify please.

Who will use the campus park? Given the relative minor nature of repairs and grooming needed, can this be funded out of existing \$? This will be hard to justify...be specific regarding this item.

Explain the necessity of clearing foliage and undergrowth along jog trail. What is a par course? Who will benefit from this work? What is the impact if not funded?

Attachment (1)

CLASS USE ONLY

DEPARTMENT OF THE NAVY
Office of the Comptroller
Washington, D. C. 20350

NAVCOMPTNOTE 7120
NCBG-1/OP-92C
NCB 12-84
13 JUN 1984

NAVCOMPT NOTICE 7120

From: Comptroller of the Navy

To: Procedures for the FY 1986 Department of the Navy
(DON) Budget Review

Ref: (a) NAVCOMPTINST 7102.2 of 27 Apr 1983; Subj: Guid-
ance for the Preparation, Submission and Review
of DON Budget Estimates (DON Budget Manual)

Encl: (1) Detailed Markup and Review Schedule

1. Purpose. To provide the review schedule and the source of information for detailed procedures and instructions for the Department of the Navy FY 1986 Budget Review.

2. Background. Reference (a) contains guidance for the preparation and submission of the budget and a detailed description of the Department of the Navy budget review process.

3. Review Schedule. Enclosure (1) contains a markup and reclama review schedule.

4. DON Budget Review Procedures. The detailed procedures for the DON budget review are contained in Chapter 13 of reference (a) which includes a description of the review process. Chapter 13 discusses Comptroller of the Navy

review policy, mark-up coverage and distribution, and reclama procedures. The format and instructions for preparation and submission of the reclamation are provided on pages H-89 and H-90 of Appendix H to reference (a).

5. Action. To meet OSD requirements for the FY 1986 DON Budget Submission, addressees must adhere to the schedules provided in this notice and any subsequent correspondence.

Director, NCB

Attachment (2)

DETAILED MARK-UP AND REVIEW SCHEDULE

MARK-UP DISTRIBUTION	RECLAMA DUE	NCB RECLAMA REVIEW
Group 1: _____	_____	_____TBD_____
Group 2: _____	_____	_____TBD_____
Group 3: _____	_____	_____TBD_____
Group 4: _____	_____	_____TBD_____
Group 5: _____	_____	_____TBD_____
Group 6: _____	_____	_____TBD_____
Group 7: _____	_____	_____TBD_____
Group 8: _____	_____	_____TBD_____
Group 9: _____	_____	_____TBD_____
Group 10: _____	_____	_____TBD_____

*** Hearings will be in Room _____, Ingersoll Hall.
 *** Be prepared to start 10 minutes before scheduled
 time.

Attachment (2)

CLASS USE ONLY

DEPARTMENT OF THE NAVY
Office of the Comptroller
Washington, D. C. 20350

NCB-15/OP-921G

742h/23

11 Aug 1984

From: Comptroller of the Navy

To: Distribution List

Subj: FY 1986 DON O&M,N Mark-up

Ref: (a) NAVCOMPTINST 7102.2 of 27 April 1983; Subj: Guidance for the Preparation, Submission and Review of the DON Budget Estimates (DON Budget Guidance Manual)

Encl: (1) DON Mark-up of 1986 Estimate

1. Enclosure (1) is issued for reclama action as deemed appropriate by addressees. Reclamas will be prepared in accordance with the instructions and format of reference (a).

2. Further adjustment of the budget estimates may be required later to incorporate the impact of the Program Decision Memoranda (PDM's) or any revised price indices. These actions will be promulgated separately.

3. It is requested that an original and three (3) copies of reclamas be submitted to NCBG-2/OP-92C, Room 4C640, The Pentagon (____ for the Exercise) by 0800, ____.

Director,
Operations Division

Attachment (3)

DEPARTMENT OF THE NAVY
Review of the FY 1986 Budget
Details of Adjustment
\$ in Thousands

Appropriation: O&M,N

Budget Activity/Claimant: NTTS/FSA

Activity Unit: Group #_____

Resource Summary

	<u>FY 1984</u>	<u>FY 1985</u>	<u>FY 1986</u>
Submission:	_____	_____	_____
Adjustment (+ -)	_____	_____	_____
Recommendation:	_____	_____	_____

Justification:

Attachment (3)

Evaluation of Responses to Analyst's Questions.

5 pts	Timely	_____
5 pts	Neat/Organized	_____
5 pts	Understandable	_____
5 pts	Factual (follows scenario)	_____
5 pts	Persuasive	_____

Attachment (4)

Evaluation of the Reclama.

2 pts Timely _____

5 pts Correctly Formatted _____

3 pts Neat/Organized _____

5 pts Understandable _____

5 pts Factual _____

5 pts Persuasive _____

Attachment (4)

Evaluation of Hearing Presentation.

5 pts Timely

5 pts Well Presented

5 pts Organized

5 pts Persuasive

5 pts Factual _____

Attachment (4)

REQUIREMENTS (optional)

It is now July 1984. The 1986 budget submission was prepared and forwarded to FSA in late April. They consolidated the material with the other activities under their claimancy and sent the package on to NAVCOMPT last week.

Mr. Jenson has called to inform you (the NTTC Comptroller) that the O&M,N analyst, LCDR Jacobs, is under a lot of high level pressure to find some substantial savings this year. He theorizes this may be due to the fact that SECNAV is anticipating severe congressional cuts after the general election this fall. You are told he is expecting some questions from the analyst this afternoon. His secretary will telecopy them to you first thing tomorrow morning. Your questions will be available from _____ in Room ____ at 0800. Responses are due back to the Commander no later than 0800 the following morning. Mr. Jenson must have your answers no later than noon that day. You assure him that your responses will be in by 0800.

Mr. Jenson is going to represent the NTTS at the analysts hearings _____ afternoon. If a reclama is necessary, he will need your input right away.

The NCB1 hearings for the reclamation are scheduled for _____ morning. Mr. Jenson will take these too, since he knows the Commodore needs you on station for another project until _____ noon. Mr. Jenson has advised you to make plane reservations for a quick trip to D. C. in case the reclama goes all the way to the NCB Director. Those "last chance" hearings are scheduled for _____.

The Commodore has approved your trip. He reminds you that the School needs every penny it can get. On your

return, he would like to see an updated version of the Activity Budget (NAVCOMPT Form 2179) reflecting the results of the reclama process.

Attachment (5)

EXERCISE CRITIQUE

1. Amount of new information picked up during the Exercise.
Learned little 1....2....3....4....5 Learned a
great deal.

2. Relevance of Exercise to other class material.
Irrelevant 1....2....3....4....5 Highly relevant.

3. Anticipated job relevance for you.
Irrelevant 1....2....3....4....5 Highly relevant.

4. Quality of the Exercise material.
Poorly written, 1....2....3....4....5 Easy reading,
hard to read. understandable.

5. Total number of outside hours put in on Exercise:

6. Amount of outside hours used in preparing for the
Exercise compared to normal preparation time for lectures.
Much more 1....2....3....4....5 Much less.

7. Enjoyment of the Exercise.
Did not enjoy 1....2....3....4....5 Enjoyed very much.

Short answers.

1. Comment please on the flow of the exercise. Did you know where you were headed...what you were expected to do...what your ultimate goal was? Was the transition from one phase to another smooth and understandable?

2. Was the material you were given adequate to complete the assignments? What else would have helped you? What would you add or take away to make this a better experience?

3. Please point out any discrepancies or confusing sections in any of the material you received during the week.

4. Was the availability of the instructors and reference material adequate?

5. Discuss any suggestions you have for improvement.

6. Any other comments.....

Attachment (6)

APPENDIX B
BUDGETING EXERCISE

ORIENTATION

This exercise has been developed to acquaint students with the Navy's budgeting process. Beginning with the submission of a given activity's budget, the student proceeds through the Navy Comptroller's (NAVCOMPT) review procedures. The background information for the exercise is divided into two sections: Planning, Programming and Budgeting System (PPBS) Background and the Naval Technical Training School (NTTS) Background. This exercise will:

- a) Provide the student with a picture of how the Department of Defense (DOD) Planning, Programming and Budgeting System (PPBS) is conducted within the Department of the Navy.
- b) Present the headquarters level financial management organizational structure.
- c) Demonstrate the NAVCOMPT procedures for development of the yearly Navy budget.
- d) Familiarize the student with the Navy Budget Manual, Resource Management System (RMS) terminology and budget forms - specifically the NAVCOMPT Form 2179 as well as reclama format requirements.

The first item in the student package includes a background of the PPBS and a look at how the Navy and Marine Corps are organized to operate within it. The financial management structure within the Navy is presented in a step by step series of organization structure figures. A list of abbreviations and acronyms is provided.

The second section of the exercise, "NTTS Background", describes the organization and operation of the Naval Technical Training School (NTTS), a fictitious training unit located in the Pacific Northwest. A small portion of the 1984 NTTS budget submission and several of its supporting documents are attached. To better understand these forms, a Data Background sheet is provided.

The student will be required to analyze the data provided. Four consecutive assignments will be made. Answers to given questions, preparation and updating of forms and presentation of a short role play in the last session are utilized to evaluate student understanding and knowledge of the exercise material.

PLANNING, PROGRAMMING AND BUDGETING SYSTEM (PPBS)

PPBS WITHIN THE DEPARTMENT OF DEFENSE

The Planning, Programming and Budgeting System (PPBS) was established within the Department of Defense (DOD) in 1961. With few changes, the system has been used in its same form to develop the DOD input to the President's Budget package delivered to Congress every January. The three stages of the system are common to each of the services. There is variation, however, in the particular steps each service takes to prepare the end product (service budget) for presentation to the SECDEF. The subject of this exercise is the budgeting process within the Department of the Navy. Some comments on the Marine Corps process are included.

The data base for the PPBS is the Five Year Defense Plan (FYDP). This data base covers DOD planned and actual expenditures over a ten year period - 2 past years, current year, budget year, three subsequent years and three outyears. The FYDP is updated three times per year to

incorporate decisions which have been made as the PPBS process takes place. In May, following approval of the POM in May by the service secretaries, FYDP figures are updated to indicate these planned additions and/or changes. In August, the database is again updated to reflect decisions made by the SECDEF in his Program Decision Memorandum (PDM's). The third update follows OMB/Presidential review of the DOD budget and submission of the President's budget package to Congress in January. The data base updates are made by the Department of the Navy Program Information Center (DONPIC), a branch within the Navy Program Office (OP-90).

PPBS WITHIN THE DEPARTMENT OF THE NAVY

Operating within the PPBS, the Navy must present a budget package to the SECDEF each year in September. While inclusion of the DOD budget in the President's budget package is the final phase of the DOD PPBS, the SECNAV budget submission to SECDEF is the Navy's ultimate product of the PPBS. The Navy's Budget Manual defines a budget as a document which expresses in financial terms the plan for accomplishing an organization's objectives for a specified period of time. This document is then used as a statement of priorities and as an instrument of planning, decision making and management control.

In the next few pages, the Navy's financial management organization will be developed step by step. First, the CNO chain of command is presented. Then the SECNAV structure is discussed. Finally, the two are joined to illustrate the mechanics of their joint working relationship.

The Marine Corps, as a part of the Navy, also submits their budget to NAVCOMPT for analysis. A brief discussion of their internal procedures for developing this yearly package concludes the PPBS Background section.

The CNO Chain of Command (Financial Management).

Under the Chief of Naval Operations (CNO), two offices control the internal PPBS process: the Office of Navy Planning (OP-06) and the Office of the Director of Navy Program Planning (OP-09). A look at these two offices will clarify their role in the Navy PPBS.

The Office of Navy Planning (OP-06), under the direction of a three star flag officer, coordinates the Navy's role in the preparation of SECDEF's Defense Guidance. Within the Marine Corps, the Plans Division (MC-PL) fulfills this role. Both of these offices actively assist the Office of the Secretary of Defense (OSD) and the Joint Chiefs of Staff (JCS) as they complete the planning process.

The Office of the Director of Navy Program Planning (OP-09), also under the direction of a three star flag officer, coordinates the Navy POM and budget cycles. OP-09 has three functional divisions: the OPNAV Programming Division (OP-90), the Program Resource Appraisal Division (OP-91) and the OPNAV Fiscal Management Division (OP-92). OP-90 is responsible for the preparation of the entire Navy POM for the CNO to submit to SECNAV. OP-91 assists OP-90 by analyzing and reviewing POM figures submitted from the fleet according to established FYDP program levels and any pertinent additional guidelines. OP-92 prepares the OPNAV portion of the Navy budget package. The structure of OP-09 is depicted in Figure B.1.

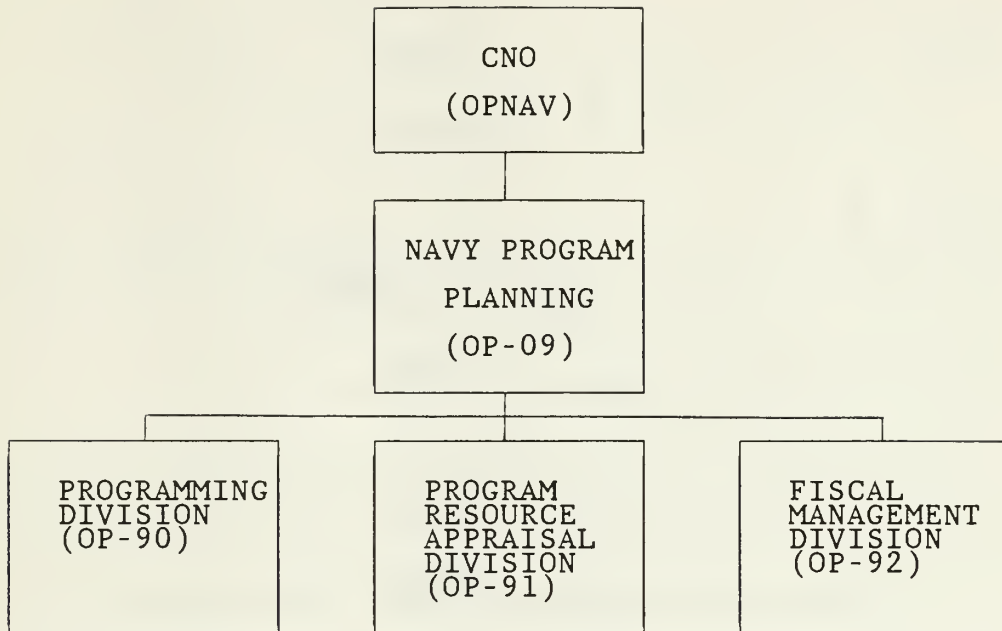


Figure B.1 OP-09 Structure.

The SECNAV Chain of Command (Financial Management).

The Assistant Secretary of the Navy for Financial Management is the Navy Comptroller (NAVCOMPT). This civilian political appointee is assisted by a two star flag officer as the Deputy Comptroller. The NAVCOMPT Office of Budget and Reports (NCB), headed by a two star (lower half) officer (eventually a one star Commodore's billet), is responsible to NAVCOMPT for yearly preparation and administration of the Navy budget. The NAVCOMPT structure is depicted in Figure B.2.

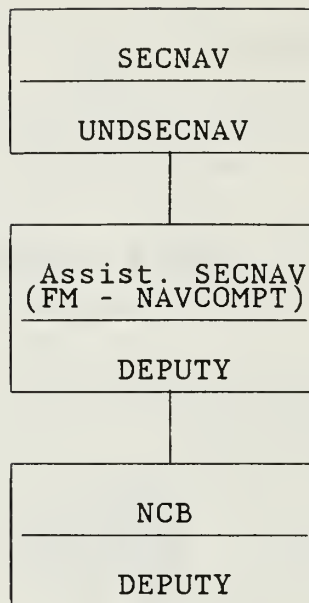


Figure B.2 NAVCOMPT Structure.

Dual-Hatting OP-92 and the NAVCOMPT
Office of Budget and Reports.

The concluding step in understanding the Navy's financial management structure can be confusing. The NAVCOMPT Office of Budget and Reports (NCB) and OP-92 are one in the same. All of the personnel are dual-hatted. While working as budget coordinators for the Office of the CNO, they are also tasked with responsibilities as members of the NCB - NAVCOMPT Office of Budget and Reports. As NCB, they report to SECNAV and are responsible for consolidating the entire Navy budget. This dual-hatted responsibility is shown in Figure B.3.

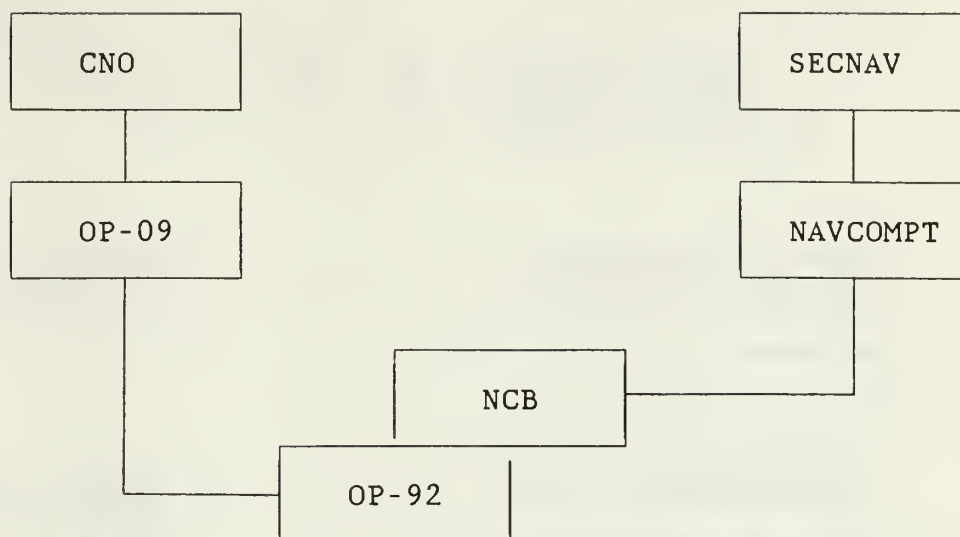


Figure B.3 Dual-Hatting OP-92 and NCB.

To get a better idea of how this dual-hatted arrangement works, we will continue a little further. Claimants submit their budget inputs directly to the Budget Evaluation Group Office (NCBG/OP-92C) within the NCB/OP-92 Office. O&M,N matters are then forwarded to the Operations Division (NCB-1/OP-921). Procurement packages are forwarded to the Investment and Development Division (NCB-2/OP-922). These offices are located adjacent to one another in the Pentagon. As of September 1984, the NCB/OP-92 Office was organized as shown in Figure B.4.

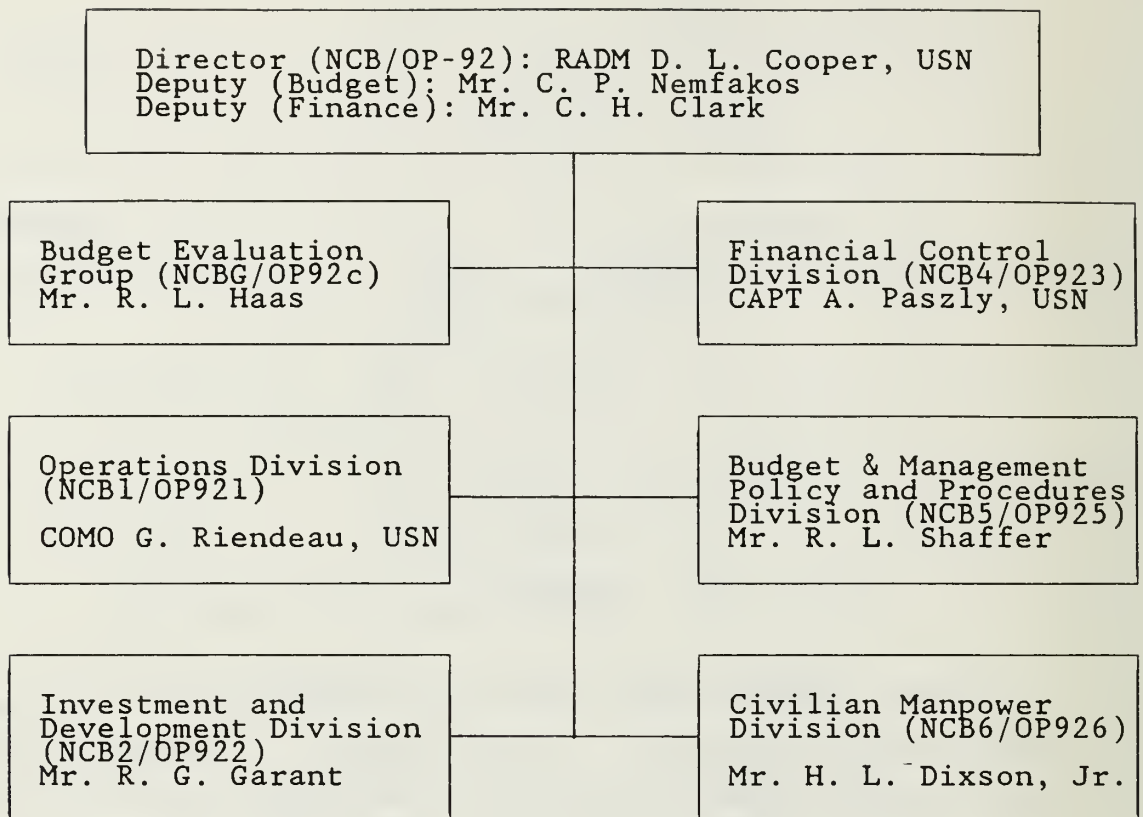


Figure B.4 NCB/OP-92 Office Structure.

The Marine Corps Process.

The Marine Corps budget joins the Navy package at the NCB level. From that point on, the procedures (for reclaims and such) are identical for both services. Prior to submission to NCB, however, the Marines follow a different structure in putting their POM and subsequent budget package together.

The Marine Corps POM is assembled by committee action at Headquarters. The organization structure is as follows:

WHO	WHAT
Assistant Commandant's Committee (4 star)	Provide Decision Guidance

Program Coordination
Committee (2 star)

Review Program Issues
Assess Program Balance
Provide Guidance
Recommend Programs

POM Working Group
(LTCOL)

Review Current Programs
Identify Deficiencies
Prioritize Initiatives
Identify Program Issues
Develop Alternatives
Assess Affordability
Recommend Balanced Program

The Marine Corps POM Working Group prepares the POM using inputs from various program sponsors as follows:

Deputy Chief of Staff (DC/S) for Manpower
DC/S for Aviation
DC/S for Reserve Affairs
DC/S for Installations and Logistics
DC/S for Plans, Policies and Operations
Director, Intelligence
Director, C4
DC/S for Training

The Marine Corps POM is submitted to the DONPIC which consolidates it into the DON POM for submission to OSD. DONPIC then updates Corps data in the same manner as for Navy items.

The Marine Corps commences the PPBS budget phase with the budget estimate submission (BES). Field and claimant level budget issues are forwarded to the appropriate resource sponsor within Headquarters. The resource sponsors then consolidate their needs within a budget package and forward

the input to the Plans Section within the Fiscal Director's Office. The Fiscal Director (MC-FD) is a civilian SES-5, assisted by a Brigadier General as his Deputy. The Marine Corps Fiscal Director is the counterpart of the Navy's Fiscal Management Division (OP-92). Once the Marine Corps budget package has been approved by the Fiscal Director and Commandant (CMC), it is forwarded to NCB for analysis. The timing of this procedure is consistent with the Navy's internal process.

ACRONYMS AND ABBREVIATIONS.

AG.....Activity Group
BES.....Budget Estimate Submission
CC.....Cost Center
CEB.....CNO Executive Board
CINC.....Commander in Chief
CMC.....Commandant of the Marine Corps
CNO.....Chief of Naval Operations
C/S.....Chief of Staff
C/S COMM...Chief of Staff's Committee
DCNO.....Deputy Chief of Naval Operations
DC/S.....Deputy Chief of Staff
DC/S R&P...DC/S, Requirements & Operations (Marine Corps)
DG.....Defense Guidance
DOD.....Department of Defense
DON.....Department of the Navy
DONPIC.....DON Program Information Center
DON POM....DON Program Objectives Memorandum
DRB.....Defense Resources Board
EOY.....End of Year
FD.....Fiscal Director (Marine Corps)
FMD.....Fiscal Management Division (Navy)
FSA.....Field Support Activity
FYDP.....Five Year Defense Plan
HQ.....Headquarters
JCS.....Joint Chiefs of Staff
LMC.....Local Management Code
MC.....Marine Corps
MILPERS...Military Personnel
NAVCOMPT...Navy Comptroller
NCB.....NAVCOMPT Budget Office (same as OBR)
OBR.....Office of Budget Reports
O&M.....Operations and Maintenance

O&M,N.....O&M Navy
O&M,MC.....O&M Marine Corps
O&M,MCR....O&M MC Reserve
OP-06.....DCNO for Plans, Policy and Operations (Navy)
OP-09.....Director, Navy Program Planning
OP-90.....Programming Division of OP-09
OP-91.....Program Resource Appraisal Division of OP-09
OP-92.....Fiscal Management Division of OP-09
OPN.....Other Procurement Navy
OPNAV.....Office of the CNO
OPTAR.....Operating Target
PBD.....Program Budget Decision
PCG.....Program Coordinating Group
PDM.....Program Decision Memorandum
PE.....Program Element
POM.....Program Objectives Memorandum
PWG.....Program Working Group (MC)
SAG.....Subactivity group
SCN.....Shipbuilding & Construction Navy
SECDEF.....Secretary of Defense
SECNAV.....Secretary of the Navy
TRB.....Training Resources Board
VCNO.....Vice Chief of Naval Operations
ZBB.....Zero Base Budgeting

NTTS BACKGROUND

NAVAL TECHNICAL TRAINING SCHOOL (NTTS) MISSION

The mission of the NTTS is to conduct and direct the advanced education of service members and to provide such other technical and professional instruction as may be prescribed to meet the needs of the naval service. In support of that, the School is responsible for fostering and encouraging a program of research in order to sustain the academic excellence of the staff and students alike.

ORGANIZATIONAL STRUCTURE

The one-star flag officer of the line who commands NTTS reports directly to the Chief of Naval Operations (CNO). The CNO's Director of Field Support Activities (FSA), Mr. M. Dale Jenson, coordinates all PPBS submissions to the Navy Comptroller's (NAVCOMPT) Office from the NTTS. A Navy Captain assists Mr. Jenson as Deputy Director.

The NTTS Organization Manual requires that the academic functions of the School always be considered the primary function. To ensure this requirement is met, a civilian Academic Dean has been placed second in the organizational command of the School. Responsible for the overall academic administration of the School, she has authority to act for the Superintendent, in his absence, in all but purely military matters. An organizational chart is enclosed as Attachment (A).

In support of the PPBS process, the School has established a Training Resources Board (TRB). This Board oversees the budgeting and financial allocation process. The Academic Dean, Ruth Andersen, chairs this Board. The Superintendent has final approval on all actions of the Board. The current Superintendent, Commodore Johnson, takes a very active interest in this process.

The TRB membership is:

Academic Dean (Chair)
Director of Programs (Vice Chair)
Director of Operations
Director of Information Sciences
Director of Science and Engineering
Comptroller
Civilian Personnel Officer

The four directors are considered department heads. They represent the interests of all those functions within their sponsorship. The Board meets at the call of the Academic Dean.

PROGRAMMING AND BUDGETING PROCESS

In October of each year, NTTS submits a POM input to the FSA Office requesting various new programs the Superintendent feels will enhance the School's ability to meet its objectives in the next few years. This input proceeds through the system to the Secretary of the Navy (SECNAV). The NTTS issues (as may be altered or "marked" up or down) become a part of the SECNAV's Program Objectives Memorandum (POM) which is submitted in May to the Secretary of Defense (SECDEF).

The NTTS POM input is developed each fall by the Director of Programs Office. This input is a consolidation of items submitted by the various departments at the School. Once reviewed by the TRB and approved by the Superintendent, the input is forwarded to FSA. FSA consolidates inputs from their field activities and forwards the input to the Office of Navy Programming (OP-90).

Once the POM is sent from SECNAV's desk enroute to the SECDEF, the NAVCOMPT Budget Evaluation Group (NCBG) prepares

and issues total obligational authority (TOA) control figures based on the POM totals to each claimancy. The claimant in turn issues a control figure to each of their activities. The activities (NTTS in this case) are supposed to prepare their budget within those constraints to submit to their claimants in early May. In reality, these controls are issued well after the budgets have been submitted to the claimant. Adjustments, if necessary, then take place at the claimant level.

The Budget Office within the NTTS Comptroller's Office receives this TOA control total. This office is staffed by three persons. The Budget Officer, a GS-11, supervises this shop. A description of his duties is not formally established. The Comptroller, however, is charged with budget related duties and responsibilities as follows:

1. Translate program requirements into the required financial plan.
2. Formulate the budget.
3. Advise the Superintendent and staff on the various financial management programs.
4. Perform liaison with FSA on all matters relating to the NTTS budget.
5. Compare program performance with the financial plan, analyze variances and determine where financial reprogramming may be required.
6. Coordinate budgeting, accounting, program reports and statistics.
7. Exercise such internal fiscal review and control as may be appropriate.

The Budget Officer, Mr. Robinson, supports the Comptroller, Commander Hughes, in fulfilling these duties.

BUDGETING PROCEDURE

In February, Mr. Robinson prepares a memorandum for each of the departments. In this memo, he provides the department with the current dollar figure for the fiscal year plus one (FY+1) as reflected in the President's budget. This FY+1 figure is supposed to be adjusted up or down according to the SECNAV's POM submission for FY+2. Since that submission does not happen till May, however, the activities must rely on their FY+1 figure alone. The department uses that FY+1 figure as their "level funding" amount for their FY+2 allocation. For example, in February 1983 the 1984 figures in the President's budget currently before Congress were used in planning for 1985. This level funding amount becomes the "ceiling" on departmental spending for the budget year. A quarterly breakdown of how the department wants to receive those monies (two years hence) is also required. The School typically practices "front loading". Front loading involves requesting a large portion of the annual monies in the first quarter and trailing off the following three. This allows the School to enter into their contracts which operate on an annual basis. Once Congress appropriates the funds, FSA will allocate money to the School according to these cumulative quarterly figures. The allocation figures from FSA are referred to as the School's OPTAR or Operations Target for expenditures.

In addition to the quarterly breakdown requested from the departments, Mr. Robinson's also requests a justification sheet outlining any unfunded requirements. These unfunded requirements consist of monies necessary to cover decreases made in POM requests after submission or any newly emergent necessities. Three of these unfunded requirements submitted by the departments for the 1986 budget request are enclosed as Attachment (B).

The TRB takes these departmental inputs and checks that the departments are within their ceilings. The TRB does not dictate how the departments should use their funds - only that they remain within the amount given them. Once so satisfied, the Board sets priorities for the unfunded requirements that have been submitted. This is the School's "wish list" in case additional monies are subsequently provided. After the TRB screens these inputs, Mr. Robinson organizes them into the format required by NAVCOMPT and FSA instructions and the Navy Budget Manual. As can be seen in Attachment (C), the 1984 budget submission for 1986 included a cover letter and thirty-two enclosures which carefully delineated the School's needs for fiscal year 1985. The voluminous package was about four inches thick. Attachment (C) also consists of the 1984 O&M,N NAVCOMPT Forms 2179 and selected "Unfunded Requirements" issues from enclosure (27) of the budget package. To assist in understanding the NAVCOMPT 2179, a Data Background sheet is provided as Attachment (D).

The submitted budget package proceeds through several stages prior to being included in the SECNAV submission to SECDEF. These are:

1. FSA (as claimant for NTTS - an echelon II command) packages NTTS input with other field activities for group submission to NAVCOMPT.

2. To help clarify any questionable material, the designated NAVCOMPT budget analyst conducts hearings prior to making any marks. These hearings are informally conducted by the analyst (usually an O-4 or civilian of equal position) at a conference table in his or her office in the Pentagon. An FSA representative must attend this hearing. FSA may request the field activity send a representative also.

3. After the hearings, the analyst marks the budget. NAVCOMPT prepares a letter for distribution stating the results of the analyst's marks and setting forth reclama guidelines and due dates.

4. Reclamas are prepared by NTTC, sent to FSA which forwards them to NAVCOMPT. The appropriate NCB Division Director (NCB-1 for O&M,N and NCB-2 for all other appropriation types) conducts an informal hearing in his office to attempt to resolve any issues possible. The FSA Director must attend this hearing. Activity representatives may be requested.

5. The Director of NAVCOMPT Budget and Reports (NCB) conducts formal hearings in a Pentagon Conference Room to entertain any issues which are still to be resolved and to review those previously resolved. The FSA Director must attend this hearing if his office is presenting a reclama(s). Activity representatives may be requested.

A summary of yearly PPBS events at the NTTS is provided in Figure Figure B.5.

CONTROL PROCEDURES

Shortly after passage of the appropriations package by Congress, the School receives it's resource authorization (same as EOB) from FSA with the exact amount of funding it has been authorized for the next fiscal year. The Comptroller takes these figures and, with the approval of the TRB and Commodore, prepares the annual Financial Plan. This plan is updated monthly. After the October plan is prepared, each subsequent plan will have a reconciliation sheet attached. This sheet indicates the source of each change from the prior month's plan. The plan provides a month by month balance sheet type picture of what funds are

February.....	NTTS Department inputs requested
1 May.....	NTTS budget input due to FSA
late July.....	NAVCOMPT analyst hearings
early August.....	NAVCOMPT marks issued
.....	NCB1/2 Review
.....	NCB Review
1 October.....	1st quarter Expense Operating Budget (EOB) received from FSA
late October.....	NTTS POM submission to FSA for next fiscal year

Figure B.5 Yearly PPBS Schedule at NTTS.

available to operate the school and how those funds are allocated to users. Each of the departments receives a copy of this plan.

Specific instructions for the documentation of funds utilization is contained in the NTTS Notice 4235, "Management and Financial Control Procedures for NTTS Fiscal Year 1984 Operating Funds". This notice instructs the user on required codes, serial numbers, job order numbering systems and so forth and the forms on which they are to be used. The system has seven types of documents which can be used to obligate funds. These documents include four types of travel orders, a purchase requisition, a claim form for any reimburseable work and requisitions for Navy Stock Fund (NSF) material. Funds management and reporting responsibility is assigned to the Comptroller as mentioned previously.

A monthly funds status report, formally titled the "Monthly OPTAR Report", is prepared by the Comptroller's Office. Copies are forwarded to each department and to each

local management code (LMC). LMC's are locally assigned codes established to better enable the command to track expenditures. For example, the Computer Technology Program Department (LMC D1P1) receives the monthly report and can track the status of its supply and travel money.

The OPTAR Report lists obligations as they are submitted into the supply or Personnel Support Detachment (PSD) chain. The accompanying report, "OB Expended Documents" is a list of obligations from previous OPTAR Reports which have been paid. Using these two documents, the LMC can determine whether all of the requests they have submitted have been processed through the comptroller (obligated), track the accuracy of estimates to actual obligation, and track the timeliness of the order by watching for entries past the required delivery date (RDD).

One of the TRB's primary concerns in the fall is the expenditure of all end-of-year (EOY) money. In the latter part of August, the Chairman advises the Board that all money remaining unobligated as of ten days into September will be taken from them and pooled with all others. Each department can submit requests for any part of that money. These requests are prioritized by the Board according to "need". On the September deadline, funds are collected and again disbursed according to the TRB plan. The TRB takes this action to avoid NAVCOMPT cuts the following year because the School failed to spend the current year's resource authorization.

COMMAND SITUATION

Commodore Johnson took command on 20 January, 1984. He inherited a budget prepared by his predecessor which he considers sorely inadequate. A breakdown of his 1984 Expense Operating Budget is displayed as Figure B.6. The

Command OPTAR section covers the cost of maintaining the Commodore's immediate staff and their supporting duties. Mission OPTAR includes such items as student travel funds and classroom equipment. The Base Operating Support (BOS) OPTAR section funds primarily the costs involved with the Public Works function on base.

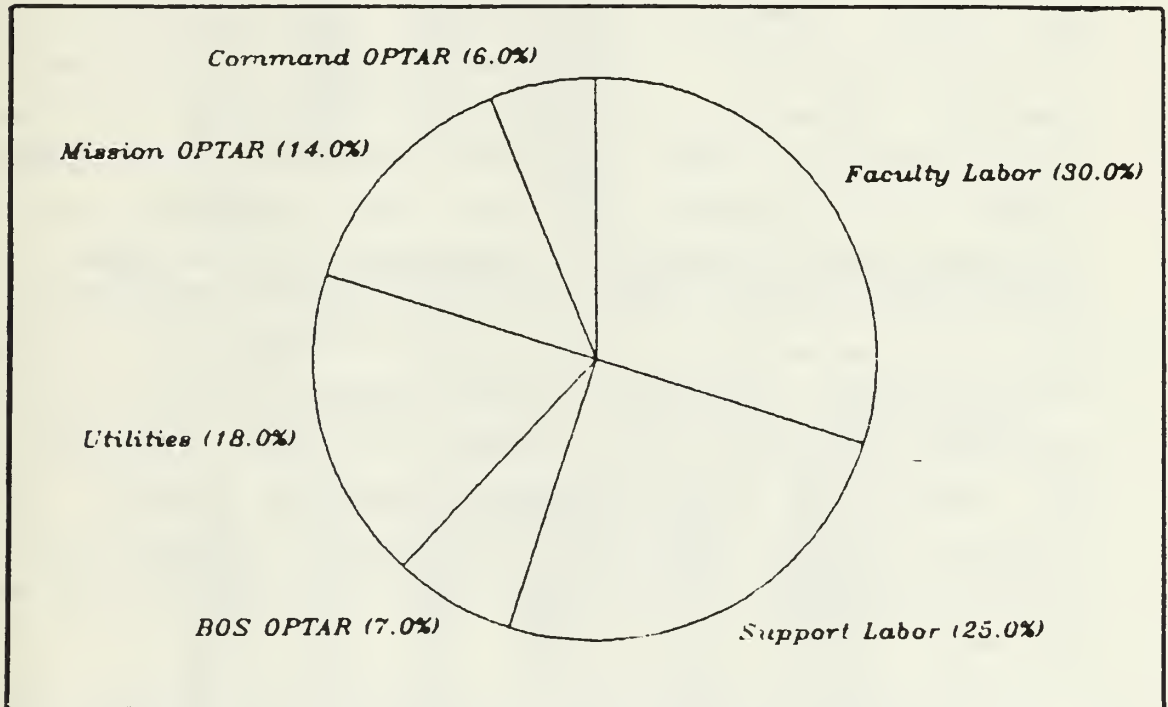


Figure B.6 1984 Expense Operating Budget.

The foremost concern in the Commodore's mind is to be able to provide a quality level of instruction for his students. In talks and speeches, he frequently quotes the CNO's policy on education which was issued in January 1984:

"I consider the investment in graduate education...to be a strategic requirement for the Navy. With today's technological, managerial, and political/economic complexities the need for graduate level expertise has never been greater...Graduate education must be pursued with priority even in the face of competing demands..."
Admiral J. D. Watkins, USN (January 1984)

Maintaining a quality staff is considered imperative. Salary levels for civilian faculty are competitive with other institutions of higher learning in the western United States. There is a steady flow of applicants seeking positions at the School. The School's reputation is excellent, especially in the areas of faculty research projects. Indeed, an occasional student complaint focuses on lack of instructor availability due to work on these "outside" projects. The other problem in this area is funding. Increases in the number of faculty have previously been approved as POM issues but subsequently cut as budget items. Mr. Robinson has told the Commodore that the increases were thoroughly documented in the POM. All anybody "back there" had to do was look at those write-ups and the need would be understood. "After all, we even referenced the POM input to let them know where the needs come from - why don't they look?", he said. He felt that FSA simply was not standing up for the School. As a reference for the Commodore, he prepared a Student Load and Staff Billet Table" (see Figure B.7) for as far back as he had data.

To further emphasize the situation, he plotted out a graph which illustrated the widening ratio between the student and staff complement (see Figure B.8). "Maybe we should send a copy of this to FSA", he suggested.

The Academic Dean was fairly concerned about this situation also. The maximum student/faculty ratio she felt would be acceptable was about 10 to 1. Anything over that and instructor's research time would be squeezed. Allowed to get out of hand, this situation could cause highly qualified instructors to seek employment elsewhere. The negative impact on the School's reputation as a leader in research would deter qualified replacements. Above all, contact time with students might be negatively affected.

AVERAGE STUDENT LOAD

FY	NAVY	Other	Total
73	963	249	1212
74	886	261	1147
75	797	207	1004
76	697	206	903
77	571	265	836
78	610	328	938
79	727	385	1112
80	728	355	1083
81	690	354	1044
82	809	392	1201
83	857	496	1353
84			1470
85			1495
86			1540
87			1610

STAFF BILLETS

FY	OFF.	ENL	CIV	TOTAL	FACULTY ONLY
73	102	193	804	1099	102
74	107	160	754	1021	100
75	105	132	680	917	101
76	75	119	666	860	105
77	71	95	639	805	105
78	67	85	610	762	110
79	66	82	618	766	115
80	64	79	594	737	115
81	72	81	594	747	113
82	74	84	600	758	111
83	74	85	637	796	115
84	75	94	684	853	118
85	78	94	718	890	118
86	75	94	738	907	120
87	79	84	758	921	120

*On average, 8% of the students are Marines.

Figure B.7 Student Load and Staff Billet Table.

Although an additional two faculty positions for FY85 had been approved in POM85, the increase had been marked last year by NAVCOMPT based on inadequate justification during review. The funding remained for FY86 but the issue was

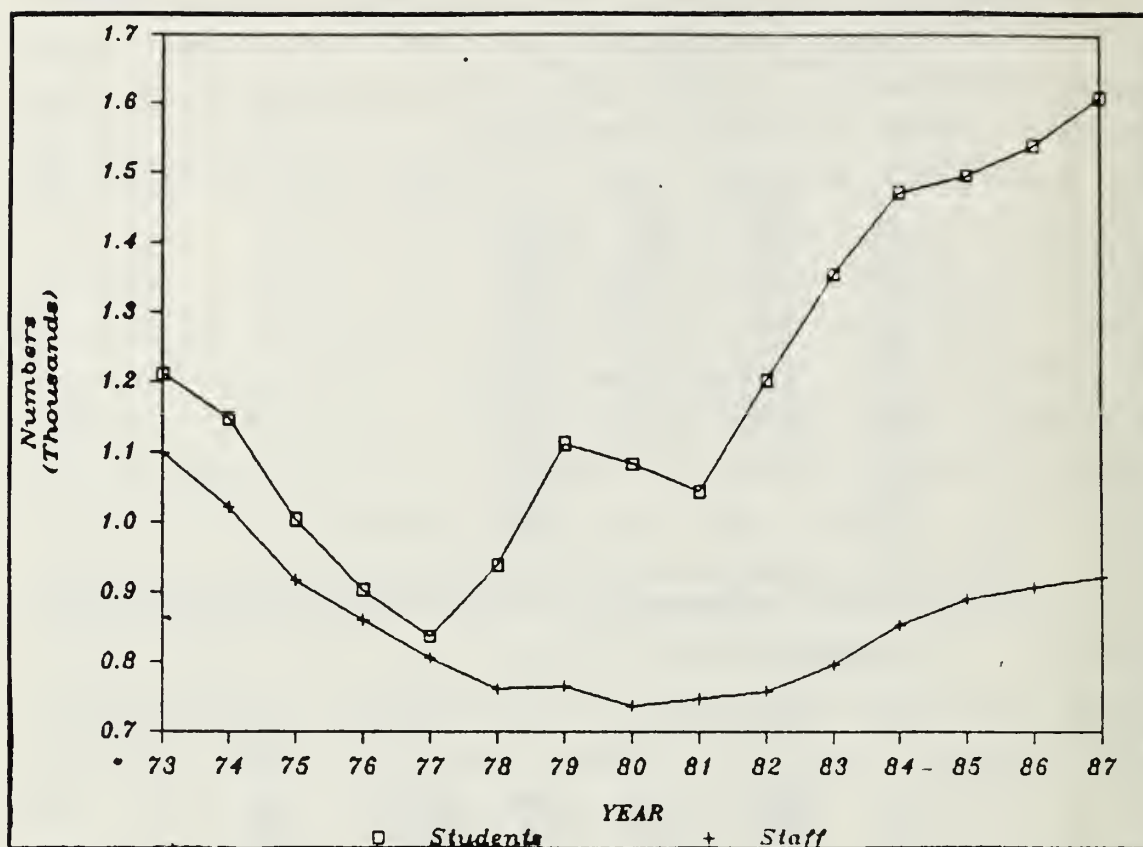


Figure B.8 Staff to Student Ratio.

sure to receive close scrutiny in this year's hearings. Anticipating this, Dean Andersen requested the departments concerned (Computer Science and Engineering) draw up a detailed report justifying their increased faculty need. The responses are attached as Attachment (E).

Commodore Johnson was also seriously concerned about the appearance of the base. He firmly believed that the buildings and grounds had been allowed to deteriorate to the point of being a community eyesore. The Public Works Officer, Commander T. J. Tracy, had briefed him in February concerning the CNO's Base Exterior Architectural Program of 1983. This program had called for a survey of selected west coast bases by the Western Division, Naval Facilities

Engineering Command (WESTDIV). The WESTDIV survey was to assess and make recommendations for the improvement of material condition of bases to include: landscaping, buildings, signs, color coordination and parking areas. The NTTS was surveyed in November of 1982. The study itself was funded by CNO. The improvements were to be budgeted for and funded by the activities concerned. CNO expected "the highest possible level of attention without impeding mission capability". NTTS received the WESTDIV report on 1 April 1983. Attachment (F) is the first page of their "Repair, Maintenance and Minor Construction Report".

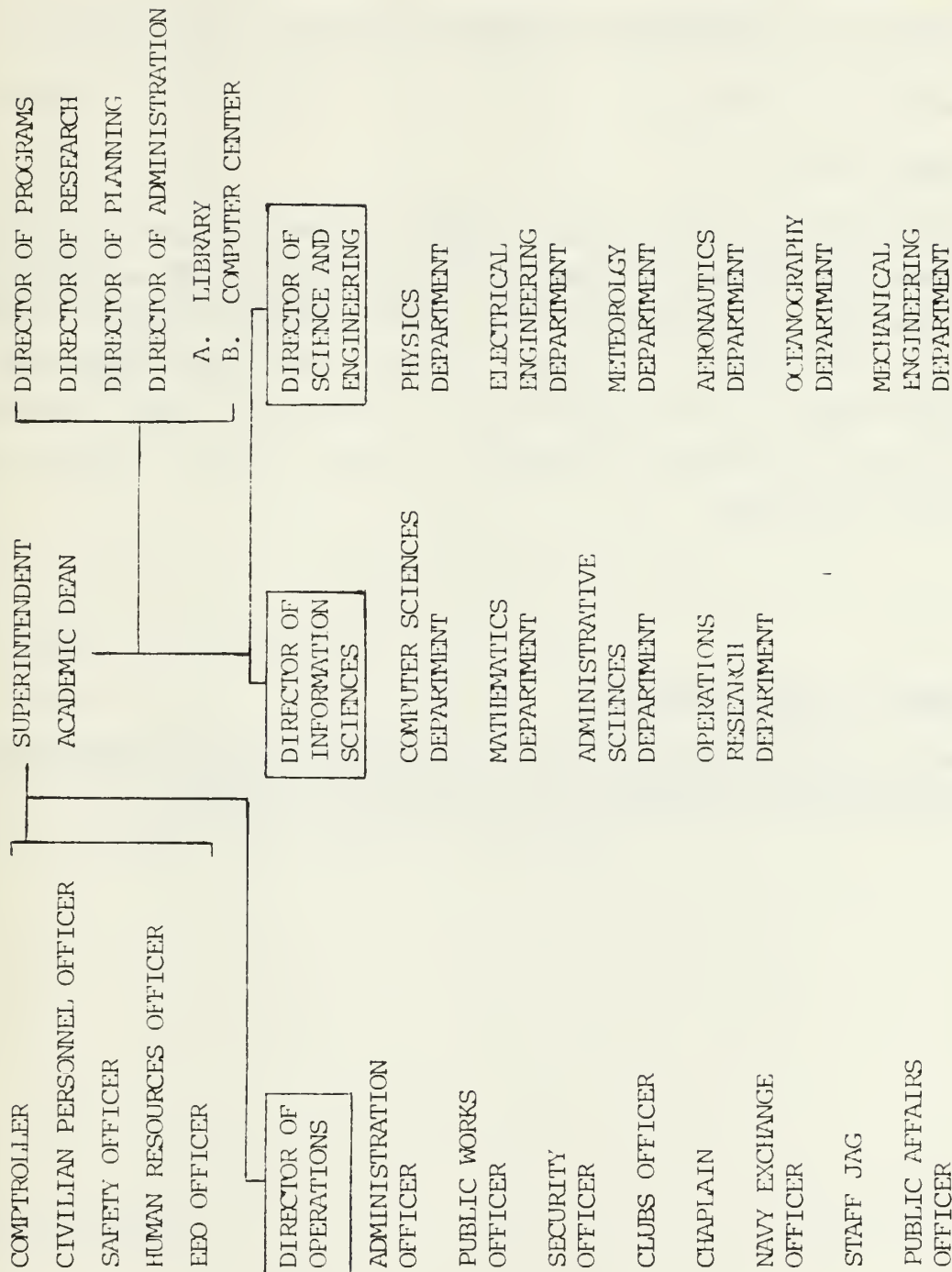
The Commodore has told his staff on several occasions to "support the needs of the student". As far as he is concerned, the mission of this school was to allow these service members to get the best education possible. "We're their link to the outside world" he said once to Ms. Andersen. If the School required students to work on projects and papers, then the School had to insure the information they needed was available either on base, by travel or by phone searches. Whatever the staff could do to support this mission was fully expected.

Largely in response to his own personal views, emphasized by the CNO Drug Program, the Commodore was a firm believer in providing alternative activities to occupy the free time of his people. The Morale, Welfare and Recreation Officer was charged with providing a "continuous stream of on and off base activities for these people!". The senior Chaplain reported that, despite the constant turnover of personnel, attendance at the Protestant and Catholic services was climbing. Bible study hours and youth group activities had been added to fill nearly every weekday morning and evening. "In fact", he proudly noted, "we've got so much going, we've just plain run out of people with free time to supervise. It's wonderful!".

Relations with the local community were fair, marred occasionally by arguments about traffic congestion and the usual tenant - landlord disputes. The local area was basically a quiet, older community. Two local high schools actively utilized the library facilities. Several community organizations held weekly meetings in available classrooms. In addition, the local symphony orchestra used the 1500 seat Russell Auditorium for rehearsals and a series of winter and spring concerts. Attendance at these events was usually at capacity and the School often tied a performance to an open house or public affairs event of one type or another. Lieutenant Holschen, the PAO, was concerned, however, with recent rumors that the Symphony's Board of Directors was negotiating to obtain use of the new fine arts facility at the local community college.

In general, the Commodore felt there was a lot of work which needed to be accomplished. With the student population expected to grow at an average 25% rate over the years 1983 to 1987, he instructed the Comptroller (who was fresh out of the financial management course at the School) to "master this budget system" and "wring out every extra dollar in the pot!".

NAVAL TECHNICAL TRAINING SCHOOL ORGANIZATION CHART



Attachment (A)

RESOURCE MANAGER'S PRIORITY 2
Fiscal Year 1986 Unfunded Requirement

Department: Director of Admin LMC: _____

Unfunded Requirement: Library Furniture_____

Amount: \$17,000_____

Justification:

Many of the study carrel chairs (a GSA, low-bid category, procured in 1971) have had to be surveyed since they were broken and unrepairable on a cost effective basis. Others will inevitably be broken within the next year or so. Replacement at this time is a "stitch in time" provision. Of the 116 carrels currently in use, three quarters need chairs replaced.

Impact if not funded:

Failure to fund the above items will mean the encumbrance of the Library with the lack of needed furniture.

Attachment (B)

RESOURCE MANAGER'S PRIORITY__1__
Fiscal Year 1986 Unfunded Requirement

Department: Director of Programs LMC: _____

Unfunded Requirement: Student Travel Funds_____

Amount: \$200,000

Justification:

Requesting additional \$200K to the \$196K already funded. Student travel is essential in support of quality education, sponsor educational skill requirements and required thesis research.

Impact if not funded:

Students will not be able to complete required travel or experience tours, field trips and thesis research. Quality of education will be reduced and sponsor educational skill requirements will not be fully met.

Attachment (B)

RESOURCE MANAGER'S PRIORITY__1__
Fiscal Year 1986 Unfunded Requirement

Department: Director of Admin LMC: _____

Unfunded Requirement: Journal Subscriptions_____

Amount: \$28,000_____

Justification:

An amount of \$278.8K is required. \$251K has been funded. The total required will make possible renewal of the Library's journal subscriptions and receipt of the related titles in CY86. Three factors warrant discussion and are addressed below:

a. A generous transfer of year-end funds (in the amount of 74K) made possible a partial renewal of subscriptions for journals to be received in CY84. It was, therefore, possible to place renewals through (1) FY83 year-end funds and (2) the FY84 OPTAR.

b. Journals are among the most inflation-prone of all commodities. FY85 inflation estimate: 11%

c. During May of this year, the Library will conduct a biennial survey of its current journal subscriptions. Liaisons will be asked to review subscriptions with a view to the cancellation of those titles which in their opinion, could be dropped without negative consequence. They will also be asked to review requests by their departmental colleagues for new subscriptions - adding a new journal only by dropping an old one. The survey will not then necessarily effect any economies - it will, however, control total subscription costs over and beyond those resulting from inflation.

Impact if not funded:

200 subscriptions would be dropped. Under certain conditions, this will penalize both faculty, who place considerable emphasis on the importance of journal literature, and also the student body. Since the Library is legally restricted with respect to the number of journal titles that it can procure under the inter-library loan arrangements, an inability to subscribe or borrow could force a greater degree of academic commuting to the University of Washington or Seattle University.

Attachment (B)

DEPARTMENT OF THE NAVY
Naval Technical Training School
Seattle, Washington 98115

NC4(002)/pjk
7110
23 APR 1984

From: Superintendent, Naval Technical Training School,
Seattle, Washington 98115

To: Director, Field Support Activity,
Washington, D. C. 20374

Subj: Fiscal Year 1986 Operations and Maintenance,
Navy (O&M,N) Submission

Ref: (a) FLDSUPPACTNOTE 7111

Encl: (1) NAVCOMPT 2179-1 FY 84, 85, 86
(2) Performance Criteria and Evaluation FY 84,
85, 86
(3) Expense Summary - Civilian Personnel
Services FY 84, 85, 86
(4) Summary of Civilian Personnel Cost by Type
FY 84, 85, 86
(5) Expense Summary of Salary Cost by Position
FY 84, 85, 86
(6) Summary of Costs for Travel and Transpor-
tation of Personnel FY 84, 85, 86
(7) Summary of Costs for Rent, Utility Ser-
vices and Transportation FY 84, 85, 86
(8) Summary of Contractual Services FY 84,
85, 86
(9) Summary of POL Consumption FY 84, 85, 86
(10) Summary of Costs for OMN Supplies and
Materials FY 84, 85, 86
(11) Summary of Costs for OMN Equipment

- Purchases FY 84, 85, 86
- (12) Appropriated Fund Support / MWR Activities
FY 84, 85, 86
 - (13) Non-appropriated Fund Support / MWR
Activities FY 84, 85, 86
 - (14) Audio-visual Services FY 84, 85, 86
 - (15) Audit Findings and Recommendations
 - (16) Consultants, Studies & Analyses and
Management Support Contracts
 - (17) Foreign Currency Exchange Data FY 84,
85, 86
 - (18) Human Resource Management Exhibits FY 84,
85, 86
 - (19) Physical Security Activities FY 84,
85, 86
 - (20) Quarterly Distribution and Monthly Phasing
Obligation Plans FY 84, 85, 86 -
 - (21) Schedule of Functional Transfers
 - (22) Services Purchased from Industrial Funded
Activities FY 84, 85, 86
 - (23) Direct Hire Foreign National Pay Increase
Analysis
 - (24) Analysis of Indirect Hire Foreign National
Manpower
 - (25) Reimburseable Civilian Manpower FY 84, 85,
86
 - (26) Summary of Reimburseable Exhibits FY 84,
85, 86
 - (27) Unfunded Requirements FY 84, 85, 86
 - (28) Summary of Service Wide Training and
Education (OP-14) FY 84, 85, 86
 - (29) Summary of Energy Consumption and Cost
FY 84, 85, 86
 - (30) Contract System Engineering and Contract
Engineering Technical Services

(31) Summary of Price and Growth for OMN

(OP-32) FY 84, 85, 86

(32) Civilian Manpower Reimbursable from
Family Housing, Navy

1. In accordance with reference (a), enclosures (1) through (32) are forwarded for UIC 61313, Naval Technical Training School.

D. L. JOHNSON

Attachment (C)

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 08-09-2001 BY 60322

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FOOTNOTES

Attachment (C)
PAGE 1 of 3

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NAVAL TECHNICAL TRAINING SCHOOL

SUMMARY 064, N

ACTIVITY REPORT, ANNUAL REPORT, 1984
NAVAL TECHNICAL TRAINING SCHOOL
NAVSUP FORM 1180-1 (Rev. 1/80)

FISCAL YEAR		DATE SUBMITTED		FISCAL YEAR		DATE SUBMITTED		FISCAL YEAR		DATE SUBMITTED		FISCAL YEAR		DATE SUBMITTED		FISCAL YEAR		DATE SUBMITTED		FISCAL YEAR		DATE SUBMITTED		FISCAL YEAR		DATE SUBMITTED		FISCAL YEAR		DATE SUBMITTED		FISCAL YEAR		DATE SUBMITTED		FISCAL YEAR		DATE SUBMITTED		FISCAL YEAR		DATE SUBMITTED		FISCAL YEAR		DATE SUBMITTED		FISCAL YEAR		DATE SUBMITTED		FISCAL YEAR		DATE SUBMITTED		FISCAL YEAR		DATE SUBMITTED		FISCAL YEAR		DATE SUBMITTED		FISCAL YEAR		DATE SUBMITTED		FISCAL YEAR		DATE SUBMITTED		FISCAL YEAR		DATE SUBMITTED		FISCAL YEAR		DATE SUBMITTED		FISCAL YEAR		DATE SUBMITTED		FISCAL YEAR		DATE SUBMITTED		FISCAL YEAR		DATE SUBMITTED		FISCAL YEAR		DATE SUBMITTED		FISCAL YEAR		DATE SUBMITTED		FISCAL YEAR		DATE SUBMITTED		FISCAL YEAR		DATE SUBMITTED		FISCAL YEAR		DATE SUBMITTED		FISCAL YEAR		DATE SUBMITTED		FISCAL YEAR		DATE SUBMITTED		FISCAL YEAR		DATE SUBMITTED		FISCAL YEAR		DATE SUBMITTED		FISCAL YEAR		DATE SUBMITTED		FISCAL YEAR		DATE SUBMITTED		FISCAL 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TOTAL DIRECT EXPENSES	
CHANGES IN UNFILED OPERATING EXPENSES	
TOTAL DIRECT OPERATING EXPENSES	
TOTAL OPERATING EXPENSES	
TOTAL DIRECT EXPENSES	

Attachment (C)
PAGE 2 of 3

Activity: NTTS

Priority: 4

UIC: 61313

1. Requirements:	AMOUNT UNFUNDED	TOTAL FUNDED	TOTAL REQUIRED
O&M,N (in thousands)	<u>28</u>	<u>251</u>	<u>279</u>
Civilian: End-strength	<u> </u>	<u> </u>	<u> </u>
Work-years	<u> </u>	<u> </u>	<u> </u>
Military: End-strength	<u> </u>	<u> </u>	<u> </u>
Work-years	<u> </u>	<u> </u>	<u> </u>

2. Unfunded Requirement Title: Journal Subscriptions
Renewal

3. Narrative Justification:

Journals are needed to keep up quality of academic excellence at the School.

4. Impact:

Approximately 200 journals would be dropped.

5. POM-86 Identified: YES NO XX

Attachment (C)

Activity: NTTS Priority: 6 UIC: 61313

1. Requirements:	AMOUNT	TOTAL	TOTAL
	UNFUNDED	FUNDED	REQUIRED
O&M,N (in thousands)	<u>17</u>	<u>17</u>	<u>34</u>
Civilian: End-strength	<u></u>	<u></u>	<u></u>
Work-years	<u></u>	<u></u>	<u></u>
Military: End-strength	<u></u>	<u></u>	<u></u>
Work-years	<u></u>	<u></u>	<u></u>

2. Unfunded Requirement Title: Library Furniture

3. Narrative Justification:

Wear and tear requires replacement at regular intervals.
Current condition is eyesore to students and our visitors.

4. Impact:

Users will give even less care to the old seating causing more rapid deterioration.

5. POM-86 Identified: YES NO XX

Attachment (C)

Activity: NTTS Priority: 11 UIC: 61313

1. Requirements:	AMOUNT UNFUNDED	TOTAL FUNDED	TOTAL REQUIRED
O&M,N (in thousands)	<u>200</u>	<u>196</u>	<u>396</u>
Civilian: End-strength	<u></u>	<u></u>	<u></u>
Work-years	<u></u>	<u></u>	<u></u>
Military: End-strength	<u></u>	<u></u>	<u></u>
Work-years	<u></u>	<u></u>	<u></u>

2. Unfunded Requirement Title: Student Travel

3. Narrative Justification:

Student travel is a required part of the NTTS education.

4. Impact:

Students will not be able to complete required travel.

5. POM-86 Identified: YES NO XX

Attachment (C)

DATA BACKGROUND

NTTS is categorized as FYDP program 84752 with primary mission denoted by AG/SAG M8 MZ for professional development education - graduate education - fully funded - full time. Under AG F3 (Base Operations - support), they utilize the following SAG's:

- FF - Administration
- FG - Supply Operations
- FN - Base Communications
- V2 - Audio Visual
- FR - Base Services
- FC - Operations of Utilities
- FD - Other Engineering Support
- FK - Other Personnel Support
- FJ - Bachelor Housing (Ops & Furniture)
- FL - Morale, Welfare and Recreation -

Under activity group F4 (Base Operations - Real Property), the following SAG's are used:

- FA - Maintenance of Real Property
- FB - Minor Construction

Eleven elements of expense are broken out for each AG/SAG:

- U - Civilian Personnel
- E - Travel of Personnel
- FL - Transportation of Things
- M - Utilities and Rents
- N - Communications
- p - Purchased Equipment Maintenance (COMM)
- Y - Printing and Reproduction
- O - Other Purchased Services
- T - Other Supplies
- W - Equipment
- V - Other POL

The vast majority of the School's budget consists of O&M,N accounts. Selected issues and their appropriate categorization are presented below:

<u>ISSUE</u>	<u>AG</u>	<u>SAG</u>	<u>EE</u>
Telephone Service (all types)	F3	FN	N
Rentals - equipment	M8	MZ	M
Chapel Contracts	F3	FK	O
Minor Construction	F4	FB	T/U/O
Supplies & Materials	F3	FF	T
CIVPERS	M8	MZ	U
Building & Furnishings	M8	MZ	W
Subscriptions	M8	MZ	T

Attachment (D)

30 June 1984

MEMORANDUM

From: Director of Information Sciences

To: Academic Dean

Subj: Faculty Positions - Computer Science Department

1. Extra faculty position required for FY86 due to:
 - a. projected faculty-student ratio of 20:1 without the new positions
 - b. need for member with skills in micrographics to meet increased fleet demand for those skills in our graduates
 - c. increased number of non-CS students signing up for core courses as a supplement to their own curriculum - good for Navy to have these officers trained in this area

H. M. Harvey

Attachment (E)

10 July 1984

MEMORANDUM

From: Director of Science and Engineering

To: Academic Dean

Subj: Faculty Position in the Physics Department

1. We've been trying to get this position filled now for several years. Seems like we can get all the specialists we need. Getting someone in for core courses, though, seems next to impossible. We really do need this guy to fill the gap.

J. P. Williams

Attachment (E)

REPAIR, MAINTENANCE AND MINOR CONSTRUCTION REPORT

20K 1. Expand capacity of parking lot "V". Increased student load creates a shortage of parking spaces. Students park off campus generating considerable friction with local homeowners. (100% contractual)

50K 2. Paint Building 415 - last job in 1972. Repair needed on fire escape to meet safety standards. (30% material, 70% labor)

20K 3. Improve entry gates - emphasize Main Gate. Replace faded and worn black and white NTTS signs, recommend illumination. Install base locator map. (45% material, 45% labor, 10% other purchased services)

30K 4. Replace tarpaulin rigged shelter at Main Gate with reasonable size small bus stop facility. Students awaiting buses to family housing quickly overflow the makeshift shelter and stand in rainy northwest weather. Nearest building is 200 yards away, out of eyesight. (40% material, 60% labor)

10K 5. Improve the Campus Park. Clear out foliage, repair picnic tables, provide waste facilities. This will provide a recreation/lunch area and enhance the campus appearance. (20% material, 80% labor)

10K 6. Clear foliage and undergrowth along perimeter jog trail and par course. Layer the 1 mile path with wood chips to allow use in inclement local weather. (15% material, 85% labor)

****NOTE**** Items 1 and 4 are minor construction issues. The remainder are categorized as maintenance of real property (MRP).

Attachment (F)

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